UNIT 1   HUMAN RESOURCE MANAGEMENT: AN OVERVIEW

Structure

1.0   OBJECTIVES

After studying this unit, you will be able to:

- Explain the meaning and concept of human resource management
- Discuss the human resource management in emerging Retail scenario
- Explain the activities of HRM in retail
- Describe the roles of HR Manager
- Identify the challenges of HR Managers
- Discuss the emerging challenges in HRM

1.1   INTRODUCTION

Human Resource is the most complex and vulnerable among all the resources under the creation of nature. We can get the best materials, best machinery, and best methods in the world but it is very difficult to get the best Human Resource to run or use the other resources in an efficient and effective way. The business environments on the other hand are getting complex with the increased use of technology, especially the Artificial Intelligence and Automation bringing in the change. Business complexities from the environments, in the VUCA (Volatile, Uncertain, Complex and Ambiguous) the HR challenges have been more and more skill based as well as specialized. Human Resources is a unique resource which appreciates over a period, if due career planning involving imparting skills and knowledge is invested in them. Human Resources are increasingly recognized as 'asset' in the long run as it brings life to the organizational structure and is responsible for creating and adhering to systems in it. This unit would focus on defining it, understanding the core elements and objectives of HRM, HRM in

Retailing and HRM activities. You will further learn the roles of HR Manager and challenges of HRM in modern management.

1.2 HUMAN RESOURCE MANAGEMENT

HRM is rightly referred to as 'people management' as it strives for making human resources committed, integrated, and contributing to the overall organizational objectives. This also ensures that the people just not only work on a day-to-day basis but they remain motivated for staying with the Organization for a long time (low attrition rate) by continually performing and rather not becoming 'weeds' for the Organization. This makes us arrive at the process of defining HRM in two defining aspects. The first definition of HRM is that it is the process of managing people in Organizations in a structured and complete manner. This covers the fields of staffing (hiring people), retention of people, pay and perks setting and management, performance management, change management and taking care of exits from the Company to round off the activities. Such functions make this definition be recognized to encompass the earlier term of 'Personnel Management'. The second definition of HRM incorporates 'people management' in Organizations from a macro perspective i.e.; managing people in as a collective relationship between the management and its employees.

This approach focuses on the objectives and outcomes of the HRM function. This is also witnessed in contemporary organizations which involves enabling people, developing them and a focus on making the "employment relationship" fulfilling for both the management as well as its employees. Internally, the organizations are also evolving, thus demanding the organizational HR function stand capable and flexible to adapt and transform to the external and internal environmental changes, quickly. This demands for the right set of people who can face the business challenges effectively and make others respond to such changes. This makes the role of HR in the management of these resources thus proving to be an integral part for the business success of the company.

The efficient and effective management of human resources results in;

- Better productivity – more profitability – business growth - increased market value
- Enhanced company image - customer satisfaction
- Healthy organizational climate and culture - effective communication
- Competitiveness and development orientation

1.2.1 Core Elements of HRM

We would now identify the core elements of HRM for understanding the activities of HRM clearly. The five core elements are:

People: Organizations mean people who staff and manage Organizations. Organizational performances depend upon the performance of people in the Organization. Specific to retail the people management is more complicated in view of long hours of working (Though effectively it is 8 Hours, in retail people are expected to be in the store for 10 to 11 hours with 2.5 hours of breaks in between).

Management: HRM involves application of management functions and principles for acquisitioning, developing, maintaining, and remunerating employees in organizations. This involves keeping them motivated with awards, rewards, recognition, and promotions.

Integration and Consistency: Decisions related to people must be integrated and consistent, in order to achieve organizational effectiveness in the long run. It is imperative to ensure transparency and adherence to rules, policies, and Standard Operating Procedures (SOPs)

Influence: Decisions must influence the effectiveness of organization in providing quality products and services to customers and in achieving organizational goals. Customer orientation, serviceability and teamwork requires to be promoted.

Applicability: HRM principles are applicable to business as well as non-business Organizations like education, health, recreation, etc. emerging formats of retail like online retail, large formats are important while retail emerges in multi-channel retail and omni channel retail which we would be studying in the forthcoming units

1.2.2 Objectives of HRM

HRM objectives can be broadly categorized into four types as presented below.

Organizational Objectives: The primary objective of HRM is to build the organization with quality and committed human resources and ensure the achievement of organizational objectives. In retail individual performances are very critical to the store environment.

Functional Objectives: HRM should ensure that the right person is assigned to the right job at the right time. It should facilitate quality performance by providing an appropriate human resource policy framework. In retail proper employee induction programs ensure this objective.

Personal Objectives: HRM aims to assist employees in achieving their personal goals because these goals enhance the individual's contribution towards the achievement of organizational goals through proper training and product knowledge. This is necessary to maintain, retain and motivate the employees in the organization which will ultimately enhance employee performance and satisfaction.

Societal Objectives: Organizations need to be ethically and socially responsible to the needs and challenges of the society. The HRM of an organization should work for satisfying such societal objectives while minimizing the negative impact of such measures upon the organization. Star India bazaar, Chaupal Sagar, Hariyali Kisan bazaar are few examples of retail organizational initiatives launched in Indian market scenarios.

1.3 HRM IN RETAILING

It is interesting that in the retail scenario, the Human Resource Management (HRM) is highly volatile and truly vulnerable. In business formats like garment manufacturing and similar other ones, the manufacturing employees do not directly interact with the customers at diverse geographical places. Whereas in the Retail scenario the end user or consumer in particular & customer in general are present at the store front and with the people in the arena of action every minute of the work. In-fact, work in the retail scenario starts with and ends with the end user or consumer. For this reason, Human Resource Management (HRM) is highly volatile and truly vulnerable in this context.

The Retail Firms/Companies are service organizations. The business performance of the organization largely depends upon the human resources. Employee's performance at the back end and at the front-end operations are criteria for the success of the organizations. Human Resource Management (HRM) therefore is the critical managerial function that affects every other function of the Organization. Truly for this reason, the front-end sales employees are rightly respected as 'Brand ambassadors' as they are the ones who represent the brand/ companies to their customers.

The job of retail employees particularly at front end operations is critical and demands a high level of involvement and commitment in job performance. They need to perform different roles while performing the job often simultaneously. The employee roles include:

Service Designer: The final package of the retail service will be decided by the employee on spot after assessing customer's specific needs, desires, and expectations. This means proper training of the retail personnel is required in need of analysis of the customer.

Performer: An employee of a retail organization is the performer of services. He/ She must interact with uncontrollable elements (attending consumer complaints and grievances) and deliver quality performance, by influencing the customers to get involved in the process.

Technician: The sales personnel should have the technical knowledge of various products offered for sale. In most cases in retail, the manufacturers themselves take responsibility on the product training or in large multi-brand retail stores, the companies appoint their own trained technical salesman, who regularly imparts product knowledge training sessions for enhancing their selling skills at different stores.

Associate: Employees of the Retail Organization and manufacturers, service consumers together. The expected role of an employee is to associate with the consumer and produce quality service. Further, some services may need group involvement. For example, selling Microwave, where the salesman tries to sell the best product, a trained technician will go to the customer's home to offer a full demonstration of the product's capability and application. Then it may be necessary for a service employee to associate

with the group members for performing the service. Companies/ brands increasingly use audio-visual and IT techniques for faster and better knowledge sharing.

Friend: A Retail employee must play the role of a friend with consumers as well as co-employees in a team. Co-employees and customers look for help, cooperation, guidance, and support from others on various issues. Every employee of the Retail Organization should respond to such needs positively. S(he) uses Customer Relationship Management (CRM) techniques for staying connected with their customers on anniversaries, birthdays or similar events thus fostering a personal bond with them.

Empathizer: Empathy is the key quality parameter in retail services. The consumers feel comfortable and perceive better quality when contact employees are empathetic. Retail employees should have the patience and inclination to be empathetic towards customers.

Assurer: Retail employees' words and actions should reflect assurance to customers. As services are intangible, variable, and perishable, customers seek assurance in every service process. For the consumer, contact employees are the representatives of the retail company. This is why a contact employee needs to perform the role of an assurer.

Salesman: The performance of a retail employee builds a positive image for the retail Company. The customers of the store are likely to become consumers of other services offered by the Company. Contact employees will have an opportunity to interact closely and intimately with customers. Therefore, their role in influencing and persuading the customers to buy other services of the company is vital.

Marketing Intelligence: One of the most prominent sources of marketing intelligence is contact employees. They are the right personnel to assess the response of the customers on company policies and quality specifications. The feedback from contact employees proves to be very valuable.

Researcher: Innovation is the key to success in service business particularly in retailing. Employees of the retail companies are innovators in many respects. As an innovation they should be able to create a need or necessity in the end user or consumer. This may involve identifying how their product usage experiences are better/ challenged over their competitor brands.

As variability is the key character of services, continuous improvements, whether minor or major, provide a competitive edge in the market. Employees, with their continuous involvement in work and interactive experience with varied customers, with a distinctive knowledge base, can bring innovation in work. There is a lot of scope to exploit the creativity of employees in retail business. This requires them to be identified by the HR to chalk out the career progression chart for the employee and make them multi-functional.

The performance in retail jobs also tests the emotional balance of the employees. Loner working hours will lower tolerance for their performance errors. Inventory management, pricing information, product knowledge, peak sales hours etc. all may make the employee become loose -tempered so regular counseling and work-break management be implemented to ensure that the employee builds and retains 'customer confidence' on the retail floor. Therefore, the HRM function remains vital in displaying the performance strength of the Organization.

Check Your Progress A

1.   What is Human Resource Management? Why is it important in retail?

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2.   Enumerate the objectives of HRM.

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3.   List out three HRM roles of retail employees List.

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4.   What do you mean by empathizer?

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5.   Distinguish between functional objectives and personal objectives in retail? Why do the employees require to be retained and motivated?

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1.4   HRM ACTIVITIES

The following are the key activities of HRM.

Human Resource Planning: This is the critical job of the HR function. Dale Yoder defines Human resource planning as "the process by which a retail organization ensures that it has the right number of people, the right kind of people, at the right place and at the right time doing work in the organization". To take a hypothetical example, suppose the objective of marketing is to increase the total sales by 20%, and once this objective has been established, the HR Manager must determine precisely how this objective can be translated into human resources. A logical starting point is to review the present or current job descriptions. Then determine skills such as selling skills, how to attend customers, basic calculation, communication skills etc., are necessary to meet the set objectives. Finally, they should translate the needed skills and abilities into types and numbers of employees. The HR function collects data related to vacancies due to retirement or resignation or retrenchment as well as additional human resource requirements for executing development plans of all functions.

Recruitment and Selection: It involves design of policies and procedures for fair recruitment and selection of human resource required by the retail organization from time to time in order to contribute to the fulfillment of the organization's corporate strategy. Identifying credible sources of employment and adopting an effective selection process to identify suitable persons by taking into consideration retail company goals, job demands, social conditions and desired behavior.

Training and Development: The objective of training and development is to develop key competencies in individuals to perform current or future jobs in the retail company. It involves identification for training needs, selection and execution of training methods and facilitation of skill development and behavior shaping. It is worth appreciating here from the HR perspective that the employee's experiences can be deployed for newer roles like new store opening as well as cross functional profiles like visual merchandising, cashiering, customer service desk etc. Department managers may assume the roles of category manager and brand relations. Further they also may be groomed for e-commerce profiles.

Provision of Fair Treatment: HR function designs policies and procedures for the entire organization to ensure fair treatment of employees at work. These policies are communicated to all the employees of a retail company. It is important that the employees remain proactively attached with these HR initiatives.

Organization/Job Design: Defining how tasks, authority, and systems will be organized and integrated across organizational units and in individual jobs, is the responsibility of the HR department.

Employee Counseling: One of the important activities of HRM is to counsel employees on various occasions like a demotivated employee, dispute between two employees, disciplinary issues, and career guidance etc. Increased work pressures have increasingly underlined the role of such counseling to the retail employees.

Encouraging Involvement: Employee involvement is extremely important in creating participative culture within the retail organization. Employees need to be encouraged to participate in decision-making, in designing policies and procedures in line with the strategic

plan of the organization. Employees' views hold importance since they are the ones who interact with the customers to understand their needs and wants. They observe the consumer decision making criteria and process too.

Information Systems: Nowadays, with increased online percolation, customers tend to compare the prices and product options online while experiencing the product/ services in offline formats. Retail trends like BOPIS (Buy online and pick in store) are increasing hence the pricing and product option differential should be well understood by the salesperson. Therefore, HR of the retail company should facilitate the employees with the required information through a well-established information system.

Remuneration and Reward of Employees: HRM involves designing appropriate remuneration and reward systems for all retail employees. These systems should be attractive and acceptable to all employees. These need revision from time to time. The remuneration and reward systems should be competitive and be revised from time to time.

The organization collects comparative data from other organizations and works for developing better systems. HRM also deals with individual problems or complaints about payment and reward systems.

Employee Welfare: Establish appropriate systems for employees' welfare in accordance with the objectives of the retail organization and monitoring the cost and effectiveness of such provision are an important HRM activity.

Health and Safety: HRM is involved in designing and implementing the organization's health and safety policy, and monitors the effectiveness of the policy. It also promotes health and safety and encourages the involvement of all employees throughout the retail organization.

Union/Labor Relations: HRM recognizes Unions, facilitates elections, and provides supporting services to promote healthy union and organizational relationship. But more importantly, HRM should strive to bridge the gap between the retail company and the employee so that the need for such unions be decimated.

Assessing Performance of Employees: HRM involves in the design and implementation of techniques to assess performance of retail employees effectively. The employees are trained, informed, and involved in performance management techniques. Maintenance of performance records and monitoring the effectiveness of the performance assessment procedures are the responsibilities of the HR department.

Ensure Employee Disciplining: Design of disciplinary procedure, monitoring the effectiveness of the procedure, advising managers on disciplinary problems, organizing training for managers and employees on disciplinary issues, and maintaining records of disciplinary action taken against employees are the important HR activities.

Dealing with Grievances: Employee grievances are very common in retail organizations. Design of grievance procedure and communicating, training people in grievance handling, implementation of grievance procedure and monitoring the effectiveness of the grievance

procedure are activities that HRM takes care of. It is important that the HR manager stands adept with labor laws and the same be implemented in 'letter and spirit'

Dismissal: HRM also involves development of procedures for dismissal to ensure that they comply with legislation and reviewing the same, providing advice and guidance on fair dismissal procedure, and training people who are involved in the dismissal process. Legal processes like arbitration are appraised to the HR manager.

1.5 ROLES OF HR MANAGERS IN RETAIL

The HR managers must perform different roles in managing people of the organization. The functioning of an organization largely depends upon the way HR managers perform their roles. Look at Figure 1.2 which shows various roles performed by the HR managers.
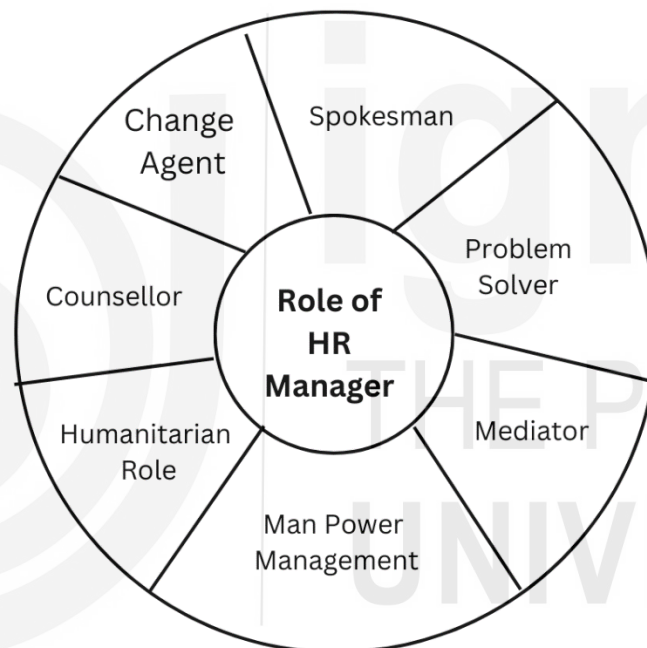
Figure 1.1: Roles of a HR Manager

HR managers invariably assume the role of a leader. Leadership is concerned with getting results through people or making the people work in a way the retail organization wants. In other words, bring change to the people which are most difficult to achieve. That is the reason how leaders are made. Each of the roles that a human resource manager is expected to play is briefly explained below.

Humanitarian Role: The HR manager is expected to remind moral and ethical obligations to employees. He/ She should see the employee as human being not as a tool or

machinery. In retail the employees, basically at the entry level are not well qualified and are very young, therefore on many occasions this has been found that the managers do not treat them well and consider them as machines who have no feelings and emotions.

Counselor: In retail the HR manager must counsel the employees about their marital, health, mental, physical and career problems.

Mediator: High working pressure in retail gives rise to conflicts or disputes among retail employees. Therefore, the HR manager needs to play the role of a peacemaker or mediator during disputes, conflicts between or among individual groups and management.

Spokesman: The HR manager is usually the one who represents the company since S/he is the one who has a better overall picture of his/her company and thus plays the role of spokesperson. In retail on many occasions s/he must address the stakeholders on behalf of the company such as conference, meeting etc.

Problem Solver: The HR manager performs the function of solving problems of overall human resource management and long-term organizational planning. E.g., there may be a situation in retail where an employee is facing a problem reporting to the office on time since s/he stays far away from the retail store. So, the HR can always initiate a transfer of the respective employee to the nearby store.

Change Agent: This has been noticed in the retail industry that the employees do not accept the change easily and on many occasions, they resist it. The HR manager plays a key role in introducing and implementing institutional changes and installing organizational development programs. And reduce the impact of such resistance.

Management of Manpower Resources: Broadly, the HR manager is concerned with leadership both in the group and individual relationships and employee-management relations.

1.6   EMERGING CHALLENGES OF HR MANAGERS

HR managers are facing many challenges in the current business scenario. The pace of change in the business environment is impacting every area of the business process. Employees are the key performers in every process and therefore they are affected by these changes. HR managers should follow the changing dimensions of the business as well as the work environment and work out new strategies to face the situations successfully. The following are the major challenges of HR Managers.

1.   **Protection and Enhancement of Human and Other Resources:** In a retail company there are various resources available in the company including human resources. There may be a particular set of people who mishandle and damage the company's property. The Hr of the retail company finds it difficult to identify those people. Hence this poses a challenge to the company HR.

2.   **Encourage People to Accomplish Organizational Goals:** To accomplish organizational goals the employees need to be self-driven and to be self-driven the employees of the company must have the ownership responsibility. On the contrary very few employees have ownership responsibility. Therefore, this human trait needs to be developed in all human resources and the responsibility lies on the shoulders of the HR. HR of the retail companies struggle in a huge manner in order to develop this human trait.

3.   **Improve Organizational Performance:** Organizational performance largely depends on the employee's willingness and capacity to discharge their respective duties with 100% efficacy. The willingness of retail employees is directly related with their level of motivation. A highly motivated employee will be more willing to discharge their duties with 100% efficacy. Here the HR of the retail companies face challenges to motivate people as motivation is a wider concept and the reason for the motivation differ from individual to individual.

4.   **Managing Diverse Workforce:** Major retail companies are found in metro cities consisting of people with diverse cultural backgrounds which quite often reflect in their behavior and may give rise to various conflicts among employees of a retail organization. The HR of the company is supposed to bring harmony among them which is very challenging.

5.   **Incorporating and Replacing Manpower with Technology:** A technological advancement always leads to lay-offs and retrenchment in a retail company. Laying off additional manpower is really a challenge for the HR due to the labor law of the country.

6.   **Leadership Development:** In retail, a leader is required more than a manager at all levels across different functions because a leader can lead the team from the front and motivates the team members towards the achievement of retail goals. Retail HRs face huge problems in developing this skill set.

7.   **Employee-Management Relationship:** A conflict between management and employees in a retail company is very common in nature. The HR of the company finds it very difficult to make a balance between these two.

1.7   CHALLENGES OF HRM IN MODERN RETAIL MANAGEMENT

The following are the challenges faced by organizations in HRM due to changes in the business environment.

Globalization: Growing internationalization of business has its impact on HRM in terms of problems of unfamiliar laws, languages, practices, competitions, attitudes, management styles, work ethics etc. HR managers have a challenge to deal with more functions, more heterogeneous functions, and more involvement in an employee's personal life.

Corporate Reorganizations: Reorganization relates to mergers and acquisitions, joint ventures, take over, internal restructuring of organizations. In these situations, it is difficult to imagine circumstances that pose a greater challenge for HRM than reorganizations itself. It is a challenge to manage employees' anxiety, uncertainties, insecurities, and fears during these dynamic trends.

New Organizational Forms: The basic challenge to HRM comes from the changing character of competitions. The competition is not between individual firms but between constellations of a firm. Major companies are operating through a complex web of strategic alliances, forgings with local suppliers, etc.

These relationships give birth to completely new forms of organizational structure, which highly depend upon a regular exchange of people and information. The challenge for HRM is to cope with the implications of these newly networked relations, in place of more comfortable hierarchical relationships that existed within the organizations for ages in the past.

Changing Demographics of Workforce: Changes in workforce are largely reflected by dual career couples, large chunks of young blood between age and old superannuating employees, working mothers, more educated and aware workers etc. These dynamic workforces have their own implications for HR managers and from HRM point of view is a true challenge to handle.

Changed Employee Expectations: With the changes in workforce demographics, employee expectations and attitudes have also transformed. Traditional allurements like job security, house, and remunerations are not very attractive today; rather employees are demanding empowerment and equality with management. Hence, it is a challenge for HRM to redesign the profile of workers, and discover new methods of hiring, training, remunerating and motivating employees.

Weaker Section of Society Interests: Another challenge for HRM is to protect the interest of weaker sections of society. The dramatic increase of women workers, minorities and other backward communities in the workforce has resulted in the need for organizations to re-examine their policies, practices, and values. In the name of global competition, productivity, and quality the interests of the society around should not be sacrificed. It is a challenge of today's HR managers to see that these weaker sections are neither denied their rightful jobs nor are discriminated against while in service.

Contribution to the Success of the Organizations: The biggest challenge to an HR manager is to make all employees contribute to the success of the organization in an ethical and socially responsible way because the well-being of the society to a large extent depends on its organizations. Employees are the integral resources and the organization spends considerable time, efforts, money, resources in acclimatizing the employee. The HR manager measures them on the integrity, honesty and discipline aspects and such employee leaving to your competitive retailer is a double loss.

Check Your Progress B

1.   List out three HRM activities of a Retail Organization.
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2.   Identify two roles of HR Managers in a Retail Organization.

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3.   Enumerate three challenges to be faced by HR Managers of a Retail Organization.

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4.   List out three challenges of HRM in Modern Management.

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5.   Which of the following statements are **Tru**e or **False**?

i)   Human Resource Planning is not the key activity of HRM.
ii)   The basic challenge to HRM comes from the changing character of competitions.
iii)   HR function designs policies and procedures for the entire organization to ensure fair treatment of employees at work.
iv)   HR Managers should see the people as human beings not as a tool or machinery.
v)   Integration of techniques of information technology with the human resources is not the emerging challenge for the HR Managers.

1.8   LET US SUM UP

Human Resources are the most valuable assets of a company. They need to be managed effectively in order to achieve organizational objectives. HRM refers to the process of managing people in organizations in a structured and thorough manner. It also encompasses the management of people in organizations from a macro perspective i.e.; managing people in the form of a collective relationship between management and employees. Core elements of HRM are: People, management, integration, influence, and applicability. Broadly HRM has four types of objectives which are: Organizational, functional, personal, and societal. HRM assumes greater importance in retailing. The retail employees need to perform different roles while performing the job which are: Service designer, performer, technician, associate, friend, empathizer, assurer, salesman, marketing intelligence and researcher. Key activities of the HRM are: Human resource planning, recruitment and selection, training and development, job design, employee counseling, employee welfare, health and safety, union relations, dealing with grievances and dismissal.

In the emerging competitive world, the role of HR manager is gaining a lot of importance and the need to perform different roles which are: Humanitarian role, counselor, mediator, spokesman, problem solver and change agent. He must face different upcoming challenges which are: best way of using human resources, improving organizational performance,

integration of IT with human resources and managing diverse workforce etc. The challenges faced by the organization in HRM due changes in business environment are: Globalization, corporate reorganization, changing demographic of workforce, changed employees' expectations, weaker society interests, and contribution to the success of organization. In today's fast changing, challenging and competitive environment HRD has to take a proactive approach that is to seek preventive care in human relations.

1.9   KEY WORDS

Human Resource Management: It refers to a set of programs, functions and activities   related to recruitment, selection, training, development, compensation, and welfare of human resources of an organization.

Human Resource Planning: Assessment of human resource requirements and developing plans to ensure inflow of right people to various functional departments at the desirable time.

Recruitment: Finding sources to obtain desired human resources.

Selection: Testing the qualities of a prospective employee and identifying and qualifying people for jobs.

Training: Imparting job-related skills to the selected candidates and to the working employees

ANSWERS TO CHECK YOUR PROGRESS

(B) 5) i) False ii) True iii) True iv) True v) False

1.10 TERMINAL QUESTIONS

1.   What is the importance of Human Resource Management in a Retail Organization?
2.   Discuss the roles of employees of the Retail Organization.
3.   What are the Activities of HRM? How are they performed in a Retail Organization?
4.   Explain the roles of HR managers in the growing retail environments.
5.   What are the emerging challenges of HR managers in the changing business scenario in Retail in India?
6.   Describe the challenges of HRM in modern management.

UNIT 2   JOB ANALYSIS, JOB DESIGN & JOB DESCRIPTION

Structure

2.0   OBJECTIVES

After studying this unit, you should be able to:

* Explain the meaning and concept of job analysis, job description, job rotation, job enrichment and job enlargement
* Describe the significance and components of job analysis
* Discuss the methods of job analysis
* Define the term 'job design'
* Discuss the methods of job design

2.1   INTRODUCTION

HRM aims to attain optimum utilization of available human potential. So, it is important in making every employee understand their job and expectations from the job. This fosters them to adapt to the work environments by adjusting to the desired behavior appropriately in least time. Job analysis is a process of determining the essential characteristics that are necessary for the employee in performing the job effectively. A good job analysis conveys information to take several important decisions relating to human resources management. Job design is next to job analysis. Job design involves systematic attempts to organize tasks, duties, and responsibilities into a unit of work to achieve certain objectives. Job design integrates the work content and qualifications required for each job that meets the needs of the employee and the Organization. Designing a job analysis leads to preparation of job description and job specification.

With the increased changes in the retail environments new multifunctional roles are emerging. HR manager's role is also increasing as on one hand they invest the company's resources in

retaining and developing the employee while on the other hand the employee requires to be vouched for being retained in the organization for next level career growth.

This requires careful assessment of job description and job specification. Both underlie the roles, responsibilities, and qualifications needed in the job. At the same time, the way jobs are designed has a significant influence on the employees and organization. In this unit you will learn the concept, significance, and methods of job analysis. You will further learn and have an insight about job design and its methods.

2.2 JOB ANALYSIS

Job analysis is a process of determining which characteristics are necessary for satisfactory job performance and analyzing the environmental conditions in which the job is performed in retail. It analyzes the work content of job & job content of work. The process of job analysis leads to development of two documents viz., job description and job specification.

Job description indicates the tasks and responsibilities, job title, duties, working conditions and occupational hazards that form part of the job whereas job specification comprises the capabilities required to perform job, education, experience, training, judgmental skills, communication skills and personal skills required to perform the job effectively.
It is important for the HR manager to understand the emerging trends and newer formats developing in the retail industry. Category management, new product knowledge, online marketing, customer relationship management, data analytics etc. requires to be understood by the HR manager. Banking operations, audits, operations, inventory etc. be factored in. Post COVID-19 scenario, the health, hygiene, and sanitation aspects can also be emphasized.

2.2.1 Significance of Job Analysis in Retail

Job analysis is a vital tool in taking a variety of human resource decisions in retail. It is used to design and execute several human resource management activities and programs. They are described here:

1. **Manpower Planning:** job analysis helps in forecasting manpower requirements based on the knowledge, skills, and quality of manpower needed in a retail store such as numbers of floor staff, floor managers, cashiers, team leaders and members in customer service desks etc.

2. **Recruitment:** A carefully designed job analysis provides information as to what sources of recruitment are to be used to hire employees. For example, job analysis in a retail store about merchandise sorters tells that village level schools are potential sources of recruitment. Internal job postings or existing employee references are increasingly preferred too in various levels in a retail store.

3. **Selection:** Selection of the right candidate to the right job can only be done with the help of job analysis.

    In the case of retail stores, a cashier can be selected with the knowledge of accounting, cash, and computer operations. This is possible with the help of job analysis.

4. **Training and Career Development:** Job analysis provides valuable information to develop training programs. It provides information about what skills are to be trained. It also provides information about various techniques to be used in the career development of employees. For example, many retail companies such as shoppers stop, lifestyle central etc., conduct internal assessment for the personal growth of the existing employee.

5. **Placement and Socialization:** After candidates are selected and trained, they must be placed in suitable jobs. Job analysis provides information about the suitability of jobs. A clear job analysis guides the process to socialize the employees to develop sound relationships with all those persons in a retail environment.

6. **Compensation:** Job analysis provides information as to how much compensation and other financial and non-financial benefits to be associated with each job.

7. **Employee Safety and Welfare:** Job analysis details information on working conditions. Thus, management tries to provide safety and welfare measures that are outlined in job analysis. Organized retail companies are supposed to follow the legal compliances regarding the safety and security of the employees. They conduct fire and safety training for the store employee on a regular interval.

8. **Performance Appraisal:** Performance of employees is appraised based on standard criteria provided in the job analysis. Retail HR uses a tool called BSC (Balance Score Card) to measure the performance of a retail employee.

9. **Counseling:** A good job analysis provides information to the superiors about the jobs. They use this information to guide and counsel employees about their career options, performance, training requirements and skill up-gradation in retail. This is required as most of the employees at the entry level are only 12th pass and not matured enough to decide on their career.

10. **Strategic Planning:** Job analysis enables human resource managers to develop a long-range strategic plan in all concerned areas of human resources.

2.2.2 Components of Job Analysis

1. **Job Description**: It is an important document. It is descriptive in nature. It is useful to identify a job for consideration by a job analyst. Important questions to be answered through job description are: In a retail store this is done by the store Hr and the store manager.

What should be done? - Why should it be done? -Where should it be done?

There is no universal format of writing job descriptions. The following information is common in most of the job descriptions.

● **Job Title**: Title of the job and other identifying information such as wages, salaries, other benefits

● **Summary**: Summary is written in one or two lines that describes what is the nature of the job expected from the job applicant.

● **Equipment**: A clear statement on skills, and other information required to perform a retail job effectively.

● **Environment**: A clear description of the working conditions of the job, the location, and other characteristics of the retail work environment such as hazards, noise, temperature, cleanliness, transparency etc.

● **Activities**: A description about the job duties, responsibilities, and expected behavior on the job. A description of social interactions associated with the job such as the size of work group, interpersonal interaction on the job is made.

Job analyst writes job descriptions in consultations with the workers and supervisors. After drafting the job description, comments and criticism are invited to improve its content. Final draft is then prepared. Job description is written either by making personal observations or using questionnaires to collect relevant information from supervisors and workers. Job descriptions should be reviewed from time to time.

2.   **Job Specifications:** It is also known as man or employee specifications is prepared based on job specification. It specifies the qualities required in a job applicant for the effective performance of the retail job.

Basic contents of a job specification in retail are as follows:

1.   Personal characteristics such as education, job experience, age, gender, and extra co-curricular activities.
2.   Mental characteristics such as general intelligence, memory, judgment, foresight, ability to concentrate, etc.
3.   Social and psychological characteristics such as emotional ability, flexibility, manners, drive, conversational ability, interpersonal ability, attitude, values, creativity etc.

Various contents of a job specification can be prescribed in three terms:

1.   Essential qualities which a retail employee must possess;

2.   Desirable qualities which a retail employee may possess; and

3.   Contra-indicators which are likely to become a handicap to successful job performance

3.   **Job Evaluation:** It is a process of determining the relative worth of a job. It is a process which is helpful even for framing compensation plans by the Store Hr manager. Job evaluation as a process is advantageous to a retail company in many ways:

1.   **Reduction in Inequalities in Salary Structure -** It is found that employees in retail and their motivation is largely dependent upon how well they are being paid. Therefore, the main objective of job evaluation is to have external and internal consistency in salary structure so that inequalities in salaries are reduced. In retail the salary of floor staff is not so high, therefore small difference in salary may lead to a great amount of demotivation among them.

2.   **Specialization -** In a company like shoppers Stop every employee is a sales associate first and afterward they may be a MD, or CEO. But there is a huge difference between the responsibility of a MD or CEO and a floor staff. Because of division of labor and thereby specialization, Therefore, an attempt should be made to define a job and thereby fix salaries for it. This is possible only through job evaluation.

3.   **Helps in Selection of Employees -** The job evaluation information can be helpful at the time of selection of candidates. The factors that are determined for job evaluation can be considered while selecting the employees.

4.   **Harmonious Relationship Between Employees and Manager -** Through job evaluation, harmonious and congenial relations can be maintained between employees and management, so that all kinds of salary controversies can be minimized.

5.   **Standardization -** The process of determining the salary differentials for different jobs become standardized through job evaluation. This helps in bringing uniformity into salary structure. For example, in a retail store a salesperson who does the cashiering gets the cashiering allowance for that day.

6.   **Relevance of New Jobs -** Through job evaluation, one can understand the relative value of new jobs in a concern.

According to Kimball and Kimball, "Job evaluation represents an effort to determine the relative value of every job in a plant and to determine what the fair basic wage for such a job should be." Thus, job evaluation is different from performance appraisal. In job evaluation, the worth of a job is calculated while in performance appraisal, the worth of employees is rated.

2.3 METHODS OF JOB ANALYSIS

Job analysis methods can be categorized into three basic types: (1) Observation Methods; (2) Interview; and (3) Questionnaire

1. **Observation Method:** Observation of work activities and worker behaviors is a method of job analysis which can be used independently or in combination with other methods of job analysis. Three methods of job analysis based on observation are: (i) Direct Observation; (ii) Work Methods Analysis; and (iii) Critical Incidents Technique.

    (i) **Direct Observation:** Using direct observation, a person conducting the analysis simply observes employees in the performance of their duties on the floor. The observer takes the general notes of the works performed on the shop floor. Everything is observed in a real-life scenario. The limitation of this method is that it cannot capture the mental aspects of jobs, such as decision making or planning, since mental processes are not observed.

    (ii) **Critical Incidents Technique:** It involves observation and recording of examples of particularly effective or ineffective behaviors. Behaviors are judged to be "effective" or "ineffective" in terms of results produced by the behavior. In this method an employee using the critical incidents must describe behavior in retrospect, or after the fact, rather than as it unfolds. Accurate recording of past observations is more difficult than recording the behaviors as they occur.

2. **Interview:** In this method, the Analyst interviews the employee, his supervisor and other concerned persons and records answers to relevant questions. The interviewer asks job related questions and a standard format is used to record the data. The limitation of this method is that it does not provide accurate information because the employee may not provide accurate information to protect his own interest. Success of this method depends upon the rapport between the analyst and the employee.

3. **Questionnaire**: In this method properly, drafted questionnaires are sent to jobholders. Structured questionnaires on different aspects of a job are developed. Each task is described in terms of characteristics such as frequency, significance, difficulty, and relationship to overall performance. The jobholders give their rating of these dimensions. The ratings obtained are analyzed and a profile of the actual job is developed. This method provides comprehensive information about a job. The limitation of this method is that it is time consuming and costly.

Check Your Progress A

1.   What is job analysis?

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2.   Write three significance of job analysis.

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3.   What do you mean by job description?

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4.   What is meant by job specification?

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5.   What is job evaluation?

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2.4   JOB DESIGN

Job design is next to job analysis. Job design involves systematic attempts to organize tasks, duties, and responsibilities into a unit of work to achieve certain objectives. Job design integrates the work content and qualifications required for each job that meets the needs of the employee and the organization. Job design makes the job highly specialized and well-designed jobs are important in attracting and retaining a motivated workforce.

According to Michael Armstrong, "Job Design is the process of deciding on the contents of a job in terms of its duties and responsibilities, on the methods to be used in carrying out the job, in terms of techniques, systems and procedures, and on the relationships that should exist between the job holder and his superior subordinates and colleagues." Job Design is affected by three categories of factors:

Organizational Factors: The organizational factors that affect job design are characteristics of task, workflow, ergonomics, and work practices.

● **Characteristics of Task:** Each task consists of 3 elements, namely, planning, executing, and controlling. Job design involves the assembly of several tasks into a job or a group of jobs. A job in retail may require an employee to perform a variety of connected tasks such as a floor staff may need to arrange the designated section, do the dusting collecting day returns, and help the customer in their shopping, communicating offers and schemes to the customers etc. a floor manager need to schedule the manpower, undertake stock take, take staff meet daily addressing customers complaints etc. All these characteristics of jobs are taken into consideration for job design in retail.

● **Workflow:** The flow of work in a retail organization is strongly influenced by the quality of service. This product usually suggests the sequence and balance between jobs if the work is to be completed efficiently.

● **Work Practices:** Work practices are the set methods of performing work. This can affect the job design as there is little flexibility in designing the job especially if the work practices are approved by employee unions.

Environmental Factors: Environmental factors affect job design. Environmental factors include employee abilities & availability and Social & cultural expectations.

● **Employee Abilities & Availability**: Abilities and availability of people plays an important role while designing jobs in retail. Due attention needs to be given to the employee who will perform the job.

● **Social And Cultural Expectations:** Jobs should be designed keeping the employees in mind. Due to an increase in literacy rate, knowledge, exposure to retail industry employees is now more aware as more numbers of intellectual people are also entering into retail. Therefore, they only perform jobs that are to their liking and match their profile.

● **Behavioral Factors:** Behavioral factors are related to human needs and they need to be satisfied properly. Behavioral elements include the following:

● **Feedback:** Employees should be given proper feedback about his job performance. This will enable the employee to improve his performance and complete the job in a proper manner. There is a standardized mechanism to provide feedback to retail employees.

● **Autonomy:** In organized retail the need for employees to take decision making in line with the retail organization goal has been felt. Therefore, in retail employees are given proper autonomy required to perform the work. The absence of autonomy may lead to poor performance on the part of employees.

- **Use of Abilities:** The job should be designed in such a manner that an employee will be able to use his abilities fully and perform the job effectively.

- **Variety:** Absence of variety in the job assigned may lead to boredom. Adequate scope to variety factor should be given while designing a job.

2.5   METHODS OF JOB DESIGN

Job Simplification: In the job simplification technique, the job is simplified or specialized. A given job is divided into small sub-parts and each part is assigned to one individual employee. Job simplification is introduced when job designers feel that the jobs are not specialized enough.

Job Rotation: Job rotation implies systematic movement of employees from one job to the other. This happens quite frequently in organized retail. In a retail store the category managers get shuffled on a rotation basis from one category to another or a floor staff from one dept. to another dept.so that the employees can become experts in all or multi category or in multi department. Jobs remain unchanged but employees performing them shift from one job to the other. With job rotation, an employee is given an opportunity to perform different jobs, which enriches his skills, experience, and ability to perform different jobs. It is the process of preparing employees at a lower level to replace someone at the next higher level. It is generally done for the designations that are crucial for the effective and efficient functioning of the organization. By this to some extent boredom is reduced. However, for these people interest is of primary importance. By this they can also learn new things, new techniques, and new ways of doing better work. It may also happen that over a period they will be finding a job for which they are better suitable. They can also contribute in a better way to achieve the goals of the organization.

This aspect of job rotation can be seen widely applied in the Retail scenario, where the end user or consumer is in direct presence all through. This happens quite frequently in organized retail. In a retail store the category managers get shuffled on a rotational basis from one category to another or a floor staff from one dept. to another dept.so that the employees can become experts in all or multi category or in multi department. This has for large extent reduced boredom, reduced irregularities due to familiarity, acquired new skills & assuming new & varied responsibilities. In other words, it will lead to better job satisfaction, which is the goal for better contribution.

Job Enlargement: Job enlargement means expanding the scope of the job. Many tasks and duties are aggregated and assigned to a single job. It is the opposite to job simplification. Job enlargement is an extension of Job rotation, exposing the people to several jobs without changing the job duties to be performed. He is taken off the boring job for a while & is allowed to take up a related task & so on. Monotony is relieved temporarily. Critics are of the opinion that this approach involves nothing more than having to perform several boring jobs rather than one. Job enlargement is to expand in several tasks rather than just to do one single task. It is also the horizontal expansion of a job. It involves the addition of tasks at the same level of

skill and responsibility. It is done to keep workers from getting bored. This would also be considered multi-tasking by which one person would do several persons jobs, saving the company money and man hours that normally would be paid to additional workers. Small companies may not have as many opportunities for promotions, so they try to motivate employees through job enlargement. For example, when I worked at a restaurant. I would dust the tables, wash the dishes, and run food upstairs. If they had just one person doing each job on the same night, it would cost the management three times the money. This adds more functions; increases the variety of tasks & this is short lived. It cannot enrich the human content of the job. The ultimate answer is Job Enrichment.

Job Enrichment: Job enrichment means making the job rich in its contents so that an employee will get more satisfaction while performing that job. It upgrades the responsibility, scope, and challenge. A vast majority of the jobs are repetitive & monotonous in nature. This results in reducing the motivational content & human element of the job with repercussions on performance. The central focus of job enrichment is giving people more control over their work (lack of control is a key cause of stress, and therefore of unhappiness.) Where possible, allow them to take on tasks that are typically done by supervisors. This means that they have more influence over planning, executing, and evaluating the jobs they do. In enriched jobs, people complete activities with increased freedom, independence, and responsibility. They also receive plenty of feedback, so that they can assess and correct their own performance.

Job Enrichment tries to embellish the job with factors of motivation: Achievement – Recognition – Increased Responsibilities – Self Involvement – Opportunities for Growth – Advancement – Increased Competence. Job Enrichment is concerned with redesigning the job to include a variety of work content; that gives the person more autonomy & responsibility for planning, directing & controlling his own performance & providing opportunity for personal growth & meaningful work experience. Job Enrichment also for decentralization of decision-making rights to individuals over areas that directly affect his task functions.

The emphasis is on the result of efforts rather than the procedure to carry out the work, thus making the job result oriented. This also results in motivation, satisfaction in believing oneself to be personally accountable for results & being able to know how satisfactory one's efforts are. By Job Enrichment, conditions or state of human capabilities which were not fully utilized & creation of frustration among the individual is removed to the extent possible.

Every employee at the shop floor as well in the management seeks career growth. This is applicable on the HR manager also. So, defining the job, its expectations, role clarity and employee recruitment becomes very important. The employee is required to perform the assigned duties and seek career growth. Job enrichment holds the key here. The HR manager's task to chalk the employee's career progression includes the training and development initiatives undertaken to define the retailer's outlook. The HR manager also requires to work on employee retention while motivating the employees with rewards and recognition.
New talent hiring is also an integral task to cope up with increased technological challenges and building a sound organizational culture.

Check Your Progress B

1.   What is Job Design?

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2.   What is job rotation?

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3.   What is meant by job enrichment?

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4.   What do you mean by job enlargement?

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5.   Which of the following statements are **True** or **False?**

i)   "Job Analysis" analyzes the work content of a job and job content of work.
ii)   "Job Description" does not provide a clear picture about the duties and / responsibilities of a job.
iii)   "Job Specification" is a written statement of necessary qualifications of a job incumbent.
iv)   "Job Rotation" implies the shifting of an employee from one job to another without any change in the Jobs.
v)   "Job Enlargement" is the process of increasing the scope of a job by adding more tasks to it.

2.6   LET US SUM UP

Job analysis is a systematic investigation of tasks, duties, and responsibilities of a job. Job analysis starts with collection of relevant information and ends with development of job description and job specification. The specific uses of job analysis are:
Manpower planning, Recruitment and selection, training and placement, compensation and employee welfare, counseling, and performance appraisal. Job description is a written document consisting of job title, summary, equipment, environment, and activities.
Components of job analysis include, job description, job specification and job evaluation. Job

analysis methods can be categorized into three basic types: (i) Observation Methods: Under this method a person conducting the analysis simply observes employees in the performance of their duties. (ii) Interview: In this method, the Analyst interviews the employee, his supervisor and other concerned persons and records answers to relevant questions, and (iii) Questionnaire: In this method structured questionnaires on different aspects of a job are developed and sent to jobholders. Job design is the process of deciding on the contents of a job in terms of its duties and responsibilities. The main objective of job design is to integrate the needs of the individual and the requirements of the organization. Methods of job design include: (i) Job simplification is used to make the job simplified or specialized. A given job is divided into small sub-parts and each part is assigned to one individual employee. (ii) Job rotation is a first step towards removing boredom of doing the same work or job again & again. (iii) Job enlargement is an extension of job rotation, exposing the people to several jobs without changing the job duties to be performed. (iv) Job enrichment means making the job rich in its contents so that an employee will get more satisfaction while performing that job. It upgrades the responsibility, scope, and challenge.

2.7   KEY WORDS

Job Rotation: It implies the shifting of an employee from one job to another without any change in the Jobs.
Job Analysis: It is the process of determining the essential characteristics that are necessary to perform a job effectively.
Job Specification: It is the document showing personality traits, qualities, skills, knowledge, and other attributes required in the employee.
Job Enlargement: It is the process of increasing the scope of a job by adding more tasks to it.
Job Enrichment: It involves designing a job in such a way that it provides the worker greater autonomy for planning and controlling his own performance.
Job Description: A written statement of summary of tasks, duties, and responsibilities of a job.

ANSWERS TO CHECK YOUR PROGRESS

(B) 5)   i) True ii) False iii) True iv) True v) True

2.8   TERMINAL QUESTIONS

1.   What is job analysis? Describe the significance of job analysis.
2.   Explain in detail the components of job analysis with reference to the Retail Store.
3.   What is meant by job analysis? Discuss its methods.
4.   What is job design? Discuss the factors affecting it.
5.   Write a note on the following:
        i)   Job rotation
        ii)   Job enlargement
        iii)   Job enrichment

UNIT 3   MANPOWER PLANNING

Structure

3.0   OBJECTIVES

After studying this unit, you will be able to:

●   Explain the meaning and concept of manpower planning (MPP)
●   Describe the significance of manpower planning in retail sector
●   Explain the model of manpower planning
●   Discuss the ways of making MPP effective in retailing

3.1   INTRODUCTION

Manpower planning is not limited to hiring and retaining talent, but anticipating future manpower needs of any retail organization. Retail sector is fast evolving as it is dynamic in nature. Manpower planning is critical to organizational growth and stability. It is integral to recruiting, retaining, and redeployment of talent. Linked to business needs of the organization, the process is much more complicated than it seems, primarily because it also involves developing skills and competencies of existing employees to meet market demands which can change with time. Hence manpower planning is often described as the threshold to human resource management. Before proceeding further, we require refreshing the basics that manpower remains an integral asset for a retailer. Manpower represents the brands to the customer directly or indirectly. They get acclimatized not only to the rules and policies of the retailing organization but the organization invests in the manpower asset thereby preparing them for the future roles. Multifunctionality of the manpower holds the key as different retailing scenarios expect manpower to play several roles like customer service, cashiering, inventory audits and safety drills to name a few. Knowledge of systems, processes, compliances, and standard operating procedures holds the key. In this unit, you will learn about the concept, objectives and significance, model of manpower planning. You will further learn how to make manpower planning more effective.

3.2 MANPOWER PLANNING (MPP)

Manpower Planning is the process by which management determines how the retail organization should move from its current manpower position to its desired manpower position to carry out an integrated plan of the retailer. Future manpower planning is directly linked to the strategic business plans of any retailer. The estimation on manpower and budgets are governed by customers' demands (i.e., the sale of the retail company) and the level of services rendered by the retail company. Business needs are achieved through effective management of machines, money, and manpower. Manpower needs, if planned properly, in terms of profile required, numbers, time and place, will give the retailer a qualitative competitive edge in form of product and serviceability to the customer. It has a direct implication on both the fronts i.e., profitability as well as customer retention and long-term goodwill creation for the retailer. It will not only improve the competency of the people, but will also ensure that people grow with the retail organization. A meticulously planned manpower not only distinguishes the individuals' role but also enhances the flow of information thereby building the teams. This further builds the employee happiness arising from role clarity thereby motivating the retail employee thus resulting in arresting the attrition rate. This further results in building employee loyalty which makes them look forward to more challenging roles. Any retailer requires growth and for that they require competent people to achieve objectives. Manpower planning is essentially forecasting the right number of people required to perform the different activities in retail. It can be described as the process of establishing the objectives of manpower utilisation, assessing the requirement of manpower, analysing the existing manpower availability, and finally determining the gap to lead to human resource plans. Thus, manpower planning is essentially acquiring the right kind of people into the right jobs and at the right time. It is a process of matching demand for manpower with the supply of available manpower. Thus, the following salient features can be identified with manpower planning.

- Manpower planning is a forward-looking function in retail.
- It is a process not a single activity.
- It begins with the establishment of overall objectives and human resource objectives.
- It is an integrated and managerial function.
- It leads to identification of gaps in the human resources requirement.
- It is qualitative and quantitative in nature.
- Manpower planning is launched to other functions of human resource management.

Thus, manpower planning is forecasting the human resources and arranging the supply of the required resources. In a broader sense, human resource includes skill, knowledge, values, ability, commitment, and motivation of all the employees. Talent recognition and retention holds the key in MPP for a retailer.

3.2.1 Objectives of (MPP)

It is aimed at making an accurate estimate of the number of personnel required with defined skills. It provides significant information to the retail HR to decide the number, time schedule and manner of recruitment and selection of personnel. Noteworthy to understand over here is that the retailer cannot afford to have excess or inadequate supply of human resources to perform various functions. Another important aspect is anticipating the manpower

requirements according to the sales forecasting. Retail industry witnesses seasonal cyclic as well as sales peak differentials. MPP objectives are detailed below:

1. Manpower planning determines the future needs of manpower to meet the objectives of the retailer.
2. It enables the retailer meeting the needs of programmed store expansions, diversification, and organic retail growth.
3. It assesses the surplus or shortage of manpower and develops strategies to deal with them effectively.
4. Manpower planning enables employee turnover and directs the retailer to formulate their retention strategies.
5. It minimizes the business risks arising out of non-availability of required manpower.
6. MPP promotes human resources used more effectively and productively and multi-functionally.
7. A sound MPP economizes wage and salary costs and other HR costs, finally.

8. It provides flexibility to a retailer to cope with the changes and uncertain demands. A good plan enables the retailer to make provision of quality manpower at varied market conditions and automation.

9. It provides a basis for planning the human resource training and development programmes in the future.

10. Manpower planning provides guidance to design and execute an appropriate promotion policy for the retailer.

3.2.2 Significance of (MPP)

It is a very important tool for a retailer as it provisions for contingencies besides providing cushion to managers for the effective utilization of human resources. The significance of the manpower planning can be stated as follows.

Growth: An appropriate manpower planning provides information to the management to undertake decisions relating to expansion of the existing retail operations or retail store closures. For example, in retail organization, if manpower planning shows surplus people organizations can make a planned expansion of its scale of operation to use the existing manpower. This realignment is a continuous process in the retail industry.

Talent Management: Manpower planning facilitates the retailer in developing a "talent buffer" in the company. They may take appropriate decisions to harness these available talents. A sound manpower plan ensures planning programmes of training and development of employees in a proper way.

Cost Control: MPP facilitates preparation of manpower objectives and budgets for a retailer. This ensures exercising control over various manpower costs thus contributing to the profitability.

Facilitates Planning: Possessing an appropriate manpower plan provides a background to plan various facilities required to promote welfare and well-being of employees. Facilities such as canteen, housing, education, medical etc. can be planned based on the labour plans. Retailers require various reward and recognition initiatives and stand crucial.

Succession Planning: Manpower planning prepares people for meeting all future challenges. Retailers can have a provisional list of employees who are ready with qualifications and knowledge required for undertaking any future assignment. Based on the requirement organizations can readily replace superiors in the case of emergencies and eventualities. It may be reiterated here that the employees in the retail sector require honing different skill sets like cash management, inventory planning, customer relationship management and require to work on communication skills, personality, product knowledge and attitude.

Check Your Progress A

1.   What do you understand by the term 'Manpower Planning'?

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2.   Enumerate the objectives of manpower planning in the changing retail industry.

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3.   List the significance of manpower planning.

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4.   Mention three features of manpower planning.

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3.3   MANPOWER PLANNING (MPP) MODEL

MPP is a crucial process involving assessing the need for manpower keeping in view the overall retail organization's objectives and policies, forecasting the supply of manpower and matching the demand and supply with the help of various manpower programmes. It also consists of overseeing the implementation and evaluation of the plan and final integration with the other human resource plans. Look at Figure 3.1 which shows the steps required in manpower planning.

1. Examining retail organizational objectives and policies

2. Assessing manpower demand

3. Forecasting supply of manpower

4. Gap analysis

5. Designing manpower programmes

6. Manpower plan implementation

7. Evaluation and feedback

Environment
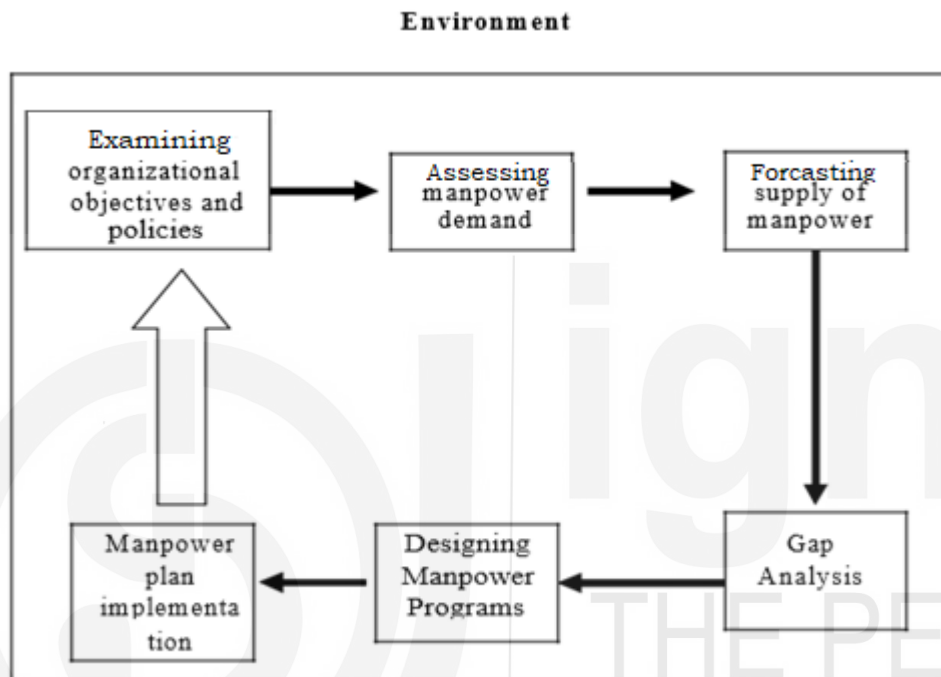
Figure 3.1: Steps in manpower planning

Let us learn each step involved in detail

1. **Examining Retail Organizational Objectives and Policies**: Manpower planning starts with examining the overall objectives of the retail organization. In fact, the manpower plan should be integrated into the overall objectives. The number of employees required to perform various operations will be derived from the objectives of the Organization. Let us say a retail company wants to give free home delivery of the shopped merchandise, then it needs a dedicated employee to meet this objective. Therefore, the overall objectives of the retail organization must be understood in order to draw a good manpower plan.

2. **Assessing Manpower Demand**: Manpower demand is the number of people required to handle the present jobs. Forecasting the demand for manpower is the process of estimating the future quantity and quality of employees required. For instance, in a retail organization the manpower demand is forecasted based on the work to be performed in every retail store. Obviously, the long-term corporate plans, budgets and annual plans would become the basis for forecasting the demand for labour. This is a

common activity in most retail organizations. The existing job design and job analysis provide useful information in this regard. The demand forecasting should consider several internal and external factors. Internal factors are operation workflow, business expansion, retirement and layoffs, terminations, resignations, internal promotions, seasonality such as sale periods and festival times etc., and External factors are political, economic, technological, legal, ecological, governmental, social, and ethical factors. These factors influence the number and quality of manpower required.

3. **Forecasting Supply of Manpower**: Supply forecast is also known as manpower inventory. The objective of preparing manpower inventory is to find out the number and quality of manpower available within the organization to employees in various jobs identified in the retail organisation. Development of supply of manpower data relating to present human resources in terms of components, number, designations, and department wise should be developed. Here potential losses in the existing manpower should be considered. The loss of manpower arises out of voluntary retirements, deaths, retirements, dismissals, layoffs, disablement due to ill health, accidents and other losses occurring due to poor attitude and low commitment to the organisation. Transfers, promotions and demotions, transfers and conditions of work also affect supply of manpower in the retail industry.

4. **Gap Analysis:** Gap analysis is the process of identifying the difference in the estimated number of employees and actual number of employees available in the retail organization. This enables us to determine the quantity and quality of manpower needed in a retail store as well as at the company level. This gap reveals the number of employees to be recruited to fill the gaps in the retail stores including at the retail company level.

5. **Designing Manpower Programmes:** The next step in manpower planning is designing various programmes relating to manpower. In this regard, changes in the product or services in the organization, competition and internal union pressures should be taken into consideration. Manpower plan details the number of employees required. Based on this, the organization should make a program of recruitment. Selection programs should be designed based on the source of recruitment and requirement to the job and the sources of recruitment in retail companies are internal employee reference, different jobs consultancies, educational institutes, walk-in and from other competing retailers etc. In a retail store the shelf sorters have been given training on billing mechanism and technology of billing, they can be now redeployed by promoting them as billing assistants. This enables motivation and satisfaction that they are promoted to next higher-level jobs. Training and development of existing personnel is needed in order to ensure their productivity and satisfaction. Manpower plan enables the decision on the number of trainees, type of training, methods of training, quality of trainers, frequency of training programs and the needed budget required. Manpower plan should enable us to plan a program of retention. In the globalization scenario, retention has become a major challenge to all organizations. Retail sector is no exception to this phenomenon. In the retail sector employees leave organizations due to poor compensation, attractive pay packages offered by the competitors, frequent conflicts with boss, colleagues and customers, and unstable manpower policies like

promotion, recognitions, rewards, financial help etc. Thus, a manpower plan should help to design a comprehensive plan of retention of employees.

6. **Manpower Plan Implementation**: Implementation is the process of converting a plan into action. Implementation of the manpower plan is done with the help of various programmes designed. In the process of implementation, it should be noted that close coordination is required with the other section of the human resource management department.

7. **Evaluation and Feedback**: After implementation of various plans and programmes, it is necessary to evaluate the effectiveness of these programmes. In the process, evaluation considers the objectives of the manpower plan. The extent of attainment of objectives within the given time is evaluated with the help of certain parameters. Sometimes manpower plans may be drawn in too conservative manner or otherwise. So, critical feedback is required to see that any lapses identified do not reoccur in the subsequent plans. This ensured improvement in the manpower planning.

3.4   CAREER PLANNING IN RETAILING

In the direction of retention of people for fairly a long tenure though not forever career planning is to be a part of manpower planning. In the current scenario of employment opportunities, we see people change jobs too frequently. If a person joins a retail organization today, he/she will immediately start applying for a different job, in other words he/she will be always on the verge of leaving the organization. The real reason for this is he/she is not sure of their future career in the organization. For this the organization, through career planning, can make one know one's status in the organization in future. Say, after 5 or 10 years what he/she will be, at which level of hierarchy, financial status, provision for future etc., on a normal time scale and on exceptional performance in a short time. Once one knows this, at least he/she will not think of searching for a different job for some time.

This to a large extent reduces attrition. We can see a lot of examples where a person starts his career as a salesman and rises to the rank of General Manager or to a similar level. Look at figure 3.2 which shows the Retail career progression model.
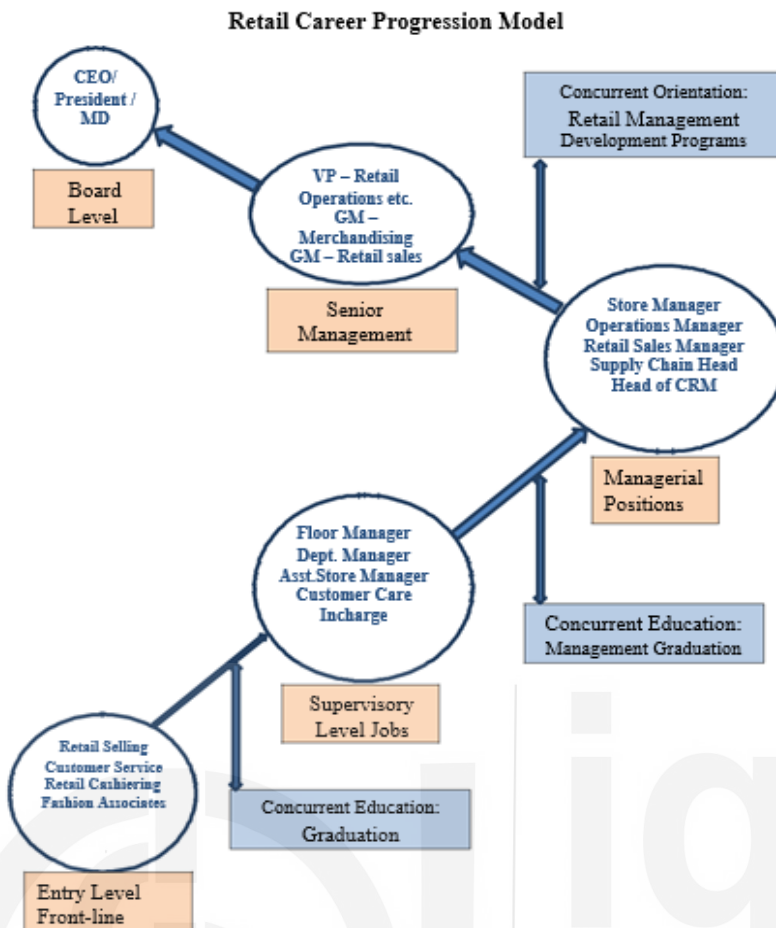
Retail Career Progression Model

Fig. 3.2: Shows Retail career progression model.

Organized retailing in India offers great employment opportunities. As the above retail career progression model suggests a prospect can enter the industry in frontline job functions even after completion of higher secondary education. Organized retailing sector in India includes Organizations like Reliance Retail, Pantaloons, Shoppers' Stop, Westside, Globus, Marks and Spencer, Spencer's, Vishal Mega Mart, Raymond's, Titan, Bata, Zodiac, D-Mart, Nature's Basket etc.; to name a few, working in these organizations will not only provide career opportunities, but will also give the employee a good deal of satisfaction too.

3.5 MAKING MANPOWER PLANNING EFFECTIVE

Manpower planning is the threshold of human resource management. Failure to plan properly leads to failure in critical functions of human resource management. However, most of the research stated that very little attention is shown towards manpower planning in Indian corporations. One of the vital reasons for lack of attention is lack of sound information system in Indian Organizations

Added to these uncertainties in the employment market, technological challenges, economic uncertainties, unique socio-cultural value systems are adding fuel to the fire.

In the case of such volatility in the environment, it is difficult to have a sound manpower forecast. The following are some of the guidelines to be followed for making manpower planning effective.

Corporate Objectives: An important element in the Manpower planning is integration of overall corporate objectives with the manpower planning objectives. In most of the organizations, there is conflict in the economic and welfare objectives. As these two objectives are contradictory to each other, the economic objective says that the retail organization needs to restrict the cost of the company, whereas employee welfare objectives encourage the additional cost for the company. Therefore, a manpower planning to be effective, the company should strike a balance between economic and welfare objectives.

Coordination: The important objective of Manpower planning is to make optimum use of available human resources. Thus, a separate division is created to make a comprehensive manpower planning in large retail organizations. However, in some retail organizations manpower plans are made within the human resource division. Thus, coordination of personnel in the human resource department with other departments is critical in the success of the manpower plan. Today organizations prefer outsourcing of human resource functions. Thus, coordination with external agencies that take up outsourcing also become critical in manpower planning.

Top Management Support: The activity of Manpower planning needs unconditional support from top management. However, most of the organization's top management fails to realize the importance of manpower planning. It should be remembered that top management support makes a lot of difference in the effective designing of manpower planning in retail.

Information System: As noted earlier, information on various aspects of human resources is vital in an effective manpower planning process. In the absence of accurate and timely information, manpower planning becomes institutional and redundant. In this case, decisions taken based on the manpower planning becomes a futile exercise. Thus, the effectiveness of manpower planning presupposes the existence of sound human resource information systems. Look at the figure 3.3: Shows how the manpower planning can be made effective
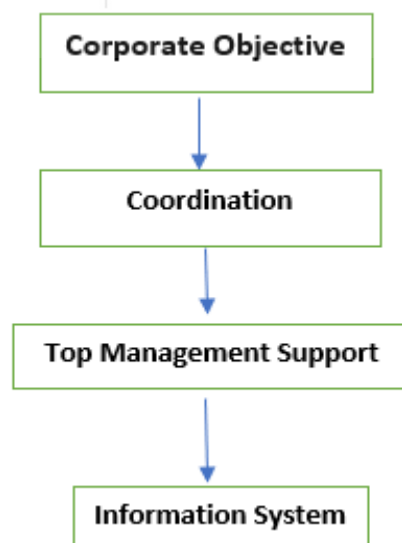
Figure 3.3: Factors making manpower planning effective

Check Your Progress B

1.   List out the steps in manpower planning.

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2.   What do you understand from the retail career progression model?

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3.   State three guidelines for making manpower planning effective.

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4.   What is meant by career planning in the context of the retailing scenario?

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5.   Which of the following statements are True or False?

   i)   Manpower planning starts with examining the overall objective of the organisation.

   ii)   Manpower demand is the number of people required to handle the present job.

   iii) Supply forecast is also known as manpower inventory.

   iv)   Gap analysis does not enable us to determine the quantity and quality of manpower needed.

   v)   In the presence of accurate and timely information, manpower planning becomes institutional and redundant.

   6. Discuss the statement "Manpower planning is about putting the right person at the right place at the right time".

3.6   LET US SUM UP

Manpower planning is the process of securing the right number of qualified people at the concerned store location at the right time. Manpower costs typically vary from 4 to 10% of the gross retail sales thus having a significant impact on the store's profitability. An idle manpower is a curse wherein the endeavour must on maximising their output efficiently and

effectively. Or we can say that 'the effectiveness of the organization depends on the effectiveness of the manpower planning'. The basic objective of manpower planning is to determine the future manpower needs by forecasting both demand and supply. It enables organizations to meet future expansions and use manpower effectively. Manpower planning is significant in taking certain important decisions relating to human resource management such as growth, talent management, cost control and facilities planning and succession planning. Manpower planning process involves several steps viz., examining organizational objectives and policies assessing manpower demand, forecasting supply of manpower, gap analysis, designing manpower programs, manpower plan implementation and evaluation and feedback. Manpower planning does not exist in a vacuum. In order to make manpower planning effective, aspects needed to be taken care of are corporate objectives, coordination, top management support, information system. Manpower planning holds more importance for the fact that it envisions the enhanced future role of the existing employee and his contribution to the growth of the retail company. Thus, a new employee is welcomed by an existing employee as the newcomer takes his role making the former catch the opportunity to grow up in their career. This not only develops the team spirit but develops the overall cohesive culture. An employee's capability of multi-tasking enables them to grow faster in the retail environments.

3.7 KEY WORDS

Manpower Planning: It is the process of estimating the manpower needs of an organization.

Gap Analysis: It is the process of identifying differences in the estimated number of employees and actual number of employees available in the organization at any given point of time.

Talent Management: A conscious, deliberate approach undertaken to attract, develop and retain people with the aptitude and abilities to meet current and future organizational needs.

Cost Control: Refers to management's effort to influence the actions of individuals who are responsible for performing tasks, incurring costs, and generating revenues.

Facilities Planning: It can be defined as the process by which a facility management Organization envisions its future by linking its purpose to the strategy of the overall Organization and then developing goals, objectives, and action plans to achieve in future.

Succession Planning: It involves recognizing potential successors within the company, training those people, and preparing them for career advancement

Answers to Check Your Progress

(B) 5) i) False ii) True iii) True iv) False v) False

3.8 TERMINAL QUESTIONS

1. What is Manpower planning? Examine the nature and significance of manpower planning.

2. Discuss objectives of manpower planning.

3. 'Manpower planning is a process of estimating the future needs of manpower' discusses the process of manpower planning.

4. Discuss in detail the model of manpower planning.

5. How can manpower planning be made effective?

6. "Career planning is a very important aspect of Manpower planning". Discuss.

UNIT 4   RECRUITMENT

Structure

4.0   OBJECTIVES

After studying this unit, you will be able to:

- Describe the purpose and importance of recruitment
- Identify the factors affecting recruitment
- Discuss the recruitment policies, methods, and process
- Explain the recent trends in recruitment

4.1   INTRODUCTION

We all understand by now that the retail organisations are 'capital intensive as well as labour intensive'. A retail organisation carefully requires to make and maintain a balance between the two as both the said aspects have a direct implication on the profitability of the retailer. This makes the human resources function traditionally and futuristically continue to be one of the most important assets for any retail organization. The success or failure of an organization is largely dependent on the calibre of the people working therein. Without positive and creative contributions from people, retail organizations cannot progress and prosper. In order to achieve the goals of an organization, it is necessary to recruit people with requisite skills, qualifications, and experience. While doing so, they must keep the present as well as the future requirements of the organization in mind. Recruitment is distinct from Employment and Selection. Once the required number and kind of human resources are determined, the management must find the places or avenues from where the required human resources can be made available, besides ascertaining the means of attracting suitable candidates for jobs towards selecting them in the retail organization. In this unit you will learn

about the purpose and importance of recruitment, factors affecting recruitment, recruitment policies, methods, process, and recent trends in recruitment.

4.2 RECRUITMENT–MEANING AND IMPORTANCE

Edwin Flippo rightly defined "Recruitment as the process of searching for prospective employees and stimulating them to apply for jobs in the organization." Recruitment involves estimating the available vacancies and making suitable arrangements for their selection and appointment. In order to attract people for the jobs, the organization must communicate the position in such a way that job seekers respond. To be cost effective, the recruitment process should attract qualified applicants and provide enough information for unqualified persons to self-select themselves out. Thus, the recruitment process begins when new recruits are sought and ends when their applications are submitted. The result is a pool of applicants from which new employees are selected.

The general purpose of recruitment is to provide a pool of potentially qualified job candidates. Specifically, the purposes are to:

● Determine the present and future requirements of the retail organization, in conjunction with its personnel-planning and job-analysis activities.
● Increase the pool of job candidates at minimum cost.
● Help increase the success rate of the selection process by reducing the number of visibly under qualified or overqualified job applicants.
● Help reduce the probability that job applicants, once recruited and selected, will leave the organization only after a short period of time.
● Begin identifying and preparing potential job applicants who will be appropriate candidates.
● Induct outsiders with a new perspective to lead the company.
● Infuse fresh blood at all levels of the organization.
● Develop an organizational culture that attracts competent people to the company.
● Search for people whose skills fit the company's values.
● Devise methodologies for assessing psychological traits.
● Search for talent globally and not just within the Company.
● Design entry pay that competes on quality but not on quantum.
● Anticipate and find people for positions that do not exist yet.
● Increase organizational and individual effectiveness in the short term and long term.
● Evaluate the effectiveness of various recruiting techniques and sources for all types of job applicants.

Management must attract more candidates in order to increase the selection ratio so that the most suitable candidate can be selected out of the total candidates available. Recruitment is positive as it aims at increasing the number of applicants and selection is somewhat negative as it selects the suitable candidates in which the unsuitable candidates are automatically eliminated. Though the function of recruitment seems to be easy, several factors make the performance of recruitment a complex one.

Retail organisations face a challenge of shortage of good manpower talent and their subsequent retention as people tend to move to 'greener pastures' or lured by competition. So, HR functions have resorted to making a 'talent pool' as nothing but a set of suitable and

competent employees ready to take a vacant position. The retail HRs create this pool by conducting various tests and assessments. This minimises the transition time and the retail HR can use the notice period for transition of responsibilities from the former to the latter.

4.3 SOURCES OF RECRUITMENT

The sources of recruitment in retail may be broadly divided into two categories: internal sources and external sources. Both have their own merits and demerits. Let us examine these.

4.3.1 Internal Sources

Persons who are already working in a retail organization constitute the 'internal sources.' Retrenched employees, retired employees, dependents of deceased employees generally constitute the internal sources. Whenever any vacancy arises, someone from within the retail organization is upgraded, transferred, promoted, or even demoted. Retailing companies have been seen to increasingly resort to practices like Internal Job Postings (IJP) where the internal employees can be made aware share and recommend suitable candidates from their teams/ referrals. There is no hiring cost involved in internal hiring this further adds up to profitability of the organization. There is a practice of giving referral bonus to the internal employee who refers to a new employee after the selection. Internal recruitment is a great source of motivation for the existing employees as they get a chance to grow within the organization based on their skill set. The internal recruitment is always reliable and the organization can easily rely on the selected candidate since the referring person is or was an existing employee.

4.3.2 External Sources

External sources lie outside a retail organization. Retail HR can avail services of:

a. Employees working in other retail companies;
b. Job aspirants registered with employment exchanges;
c. Students from reputed educational institutions such as MBAs etc.;
d. Candidates referred by unions, friends, relatives, and existing employees;
e. Candidates forwarded by search firms, various consultancies, and contractors;
f. Candidates responding to the advertisements, issued by the organization; and
g. Unsolicited applications / walk-ins.
h. Manpower consultants

Merits and demerits of external sources of recruitment

Merits	Demerits
Wide Choice: The Organization has the freedom to select candidates from a large pool. Persons with requisite qualifications could be picked up.	**Expensive:** Hiring costs could go up substantially. Tapping multifarious sources of recruitment is not an easy task either.
Injection of fresh blood: People with special skills and knowledge could be hired to stir up the existing employees and pave the way for innovative ways of working.	**Time consuming:** It takes time to advertise, screen and test, to select suitable employees. Where suitable ones are not available, the process has to be repeated.
Motivational force: It helps in motivating internal employees to work hard and compete with external candidates while seeking career growth. Such a competitive atmosphere would help an employee to work to the best of his abilities.	**De-motivating:** Existing employees who have put in considerable service may resist the process of filling up vacancies from outside. The feeling that their services have not been recognized by the organization, forces them to work with less enthusiasm and motivation.
Long term benefits: Talented people could join the ranks, new ideas could find meaningful expression, a competitive atmosphere would compel people to give out their best and earn rewards, etc.	**Uncertainty:** There is no guarantee that the Organization will ultimately be able to hire the services of suitable candidates. It may end up hiring someone who does not fit and who may not be able to adjust in the new setup.

4.4 METHODS OF RECRUITMENT

The methods of recruitment can be broadly divided into two: internal methods and external methods.

4.4.1 Internal Methods

The following are the most used internal methods of recruiting people.

1. **Promotions and Transfers**: Promotion and Transfers are used to fill vacancies from within the organization in retail. A transfer is a lateral movement within the same grade, from one job to another. It may lead to changes in duties and responsibilities, working conditions, etc., but not necessarily salary. Promotion, on the other hand, involves movement of employees from a lower-level position to a higher-level position accompanied by (usually) changes in duties, responsibilities, status, and value. For example: a fashion consultant having identified leadership skills may be promoted to a Team leader or groomed next for department manager job profile. A floor manager can be promoted as assistant Unit Head or even a category manager.

2. **Job Posting**: Job posting is another way of hiring people from within. In this method, the retail organization publicises job openings on bulletin boards, notice boards in a staff canteen or at the staff entry point, electronic methods and similar outlets. One of the important advantages of this method is that it offers a chance

to highly qualified persons working within the retail company to look for growth opportunities without looking for greener pastures outside. Technology has played a crucial role in this with such information available on portals, mails, and social media messages.

3. **Employee Referrals**: Employee referral means using personal contacts of employees to locate job prospects. It is a recommendation from a current employee regarding a job applicant. The logic behind employee referral is that "it takes one to know one". Employees working in the organization, in this case, are encouraged to recommend the names of known persons working in other organizations for a possible vacancy soon.

In fact, this has become a popular way of recruiting people in the highly competitive sectors especially in our retailing vertical.

4.4.2 External Methods

The following methods are used to recruit the people from outside in retail:

1. **Campus Recruitment:** This is a direct method of recruiting people by visiting academic institutions such as colleges and universities. Here the HRs of retail companies visit reputed educational institutions with a view to pick up job aspirants having requisite technical or professional skills. Job seekers are provided information about the jobs and the recruiters, in advance. The Company gets a detailed profile of job seekers through constant exchange of information with respective institutions with the increased use of internet-based communication. Another important aspect here is that the fresh talent is identified by the retailer which can be groomed for functions and they being young have that physical and mental endurance and capabilities for the front-end retailing tasks and functions.

2. **Advertisements:** Companies give advertisements to attract prospective job seekers. These include advertisements in newspapers; trade, professional and technical journals; radio and television; etc. In recent times, this medium has become just as colourful, lively, and imaginative as consumer advertising. Though costly, it remains the choice of the retail HR for specialized job roles. Social media has contributed immensely in this direction. Nowadays Hrs from retail companies use their social media accounts to invite job applications for various positions in a retail store.

3. **Private Employment Search Firms**: Search firm is a private employment agency or consultancies that maintains computerized lists of qualified applicants and supplies these to retail companies willing to hire people from the list for a fee.

   Firms like Noble and Hewitt, ABC consultants, Unison International etc. offer specialized employment-related services to retail organisations and other corporate houses for a fee, especially for top and middle level executive vacancies, especially in the retailing vertical.

4. **Employment Exchanges**: As a statutory requirement, Companies are also expected to notify (wherever the Employment Exchanges Act, 1959, applies) their vacancies through the respective Employment Exchanges, created all over India for helping

unemployed youth, displaced persons, ex-military personnel, physically handicapped, etc.

5. **Gate Hiring and Contractors**: Gate hiring is the method of recruitment used by various retailers, generally where semi-skilled workers are required. The job seekers present themselves at the bigger stores and offer their services daily. Contractors are also used for the supply of such personnel. Such hiring is on a task basis for a fixed amount and for a period in a day, like loading and unloading of vehicles, packaging, tagging or small repair and maintenance tasks.

6. **Unsolicited Applicants / Walk-ins:** Retailers generally receive unsolicited applications from job seekers at various points of time. The number of such applications depends on economic conditions, the retailer's image, and the job seeker's perception of the types of jobs that might be available etc. Such applications are generally kept in a data bank and whenever a suitable vacancy arises, the retail HR would intimate the candidates to apply through a formal channel.

Since recruitment and selection costs are high (search process, interviewing agency fee, etc.) firms in recent times are trying to look at alternatives to recruitment especially when market demand for firm's products and services is sluggish. Moreover, once employees are placed on the payroll, it may be extremely difficult to remove them if their performance is marginal.

Check Your Progress A

1. Define Recruitment. Discuss its role in a retail organisation.

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2. What is the purpose of recruitment in the retailing industry?

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3. Discuss any two important methods in retail recruitment.

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4. Distinguish between internal and external sources of recruitment.

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5. What is the importance of outsourcing to a retailer? Discuss the functions which can be outsourced.

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4.5 RECRUITMENT PROCESS

Recruitment process involves a systematic procedure from sourcing the candidates to arranging and conducting the interviews. This process requires many resources and time. Look at Figure 4.1 which shows the process of recruitment.

Fig. 4.1: Recruitment Process

Let us learn the steps to be involved in the process of recruitment.

1. **Identify Vacancy:** The first step in the process of recruitment is to identify the vacant position and their numbers in the retail organization or in the retail store in line with the organizational objectives.
2. **Job Description and Person Specification:** This is the second step in the whole recruitment process. The retail Hr needs to define the nature or the characteristics

of the job and the personal and professional traits required to perform the job in the person.

3. **Advertising the Vacancies:** In this step the Hr. of the retail company creates awareness of the job vacancies with the help of different internal and external sources. So, the right applicant may apply for the position and make the recruitment process smooth and effective.

4. **Managing the Response:** In this step Hr starts receiving the responses from the number of applicants for the advertised post and do the scanning of the received application

5. **Short-Listing:** After the scanning of the resumes received from the applicants, the hr segregates the resumes to keep the resumes suitable for the required job and the rest are kept for future references.

6. **Arranging Interviews:** Here the Hr arrange for the interview and makes all the arrangements such as venue, interviewers, evaluation sheets and finally intimating the required interview panel and the applicants as well.

7. **Conducting Interview and Decision Making:** Now the final step is to conduct the interview for all the eligible candidates and then select them as per the suitability of the candidate.

The recruitment process is immediately followed by the selection process i.e. the final interviews and the decision making, conveying the decision and the appointment formalities.

4.6   RECRUITMENT VS. SELECTION

So far you have learnt the meaning, importance, sources, methods, and process of recruitment. Let us now learn about recruitment v/s selection and the new trends in recruitment. Both recruitment and selection are the two phases of the employment process. The differences between the two are:

1. Recruitment is the process of searching the candidates for employment and motivating them to apply for jobs in the retail organization; whereas selection involves the series of steps by which the candidates are screened for choosing the most suitable persons for vacant posts.

   Example: When a HR gives an ad for a vacancy of a floor staff or a floor manager using various mediums of job advertisement is called recruitment and when a candidate is selected and puts him or her into the training and then placing them in the section or floor is called selection.

2. The basic purpose of recruitments is to create a talent pool of candidates to enable the selection of best candidates for the organization, by attracting more and more employees to apply in the organization whereas the basic purpose of the selection process is to choose the right candidate to fill the various positions in the organization.

3. Recruitment encourages more and more candidates to apply whereas selection involves rejection of the unsuitable candidates.

   Example: A Hr. gives an ad for ten vacant posts for floor staff in a retail store but receives 150 applications for the position. That means the HR has successfully encouraged 150 people to apply for the available vacancy. Therefore, this is a part of recruitment and selecting only ten persons out of total applicants is a part of the selection process.

4. Recruitment is concerned with collecting the sources of human resources whereas selection is concerned with selecting the most suitable candidates through various interviews and tests.

5. There is no contract in recruitment whereas selection results in a contract of service between the employer and the selected candidate

It may be noted here that, both the functions stand integral in the retail functioning.

4.7   NEW TRENDS IN RECRUITMENT

Many Companies are moving away from conventional recruitment methods. The new methods followed by retails are as follows:

1 Employer Branding — A Recruitment Marketing Must

Before we could discuss the **new recruitment trends.** Let's discuss the growing importance of employer branding for job seekers. According to a recent survey by Glassdoor, 92% of retail employees would consider hopping to a new opportunity at the same salary — if the new company had a good reputation! or it is a reputed brand like Shoppers stop, Life-style, Mark & Spencer etc. Now that says a lot, especially about how the world of work is changing.

2 The Quality of New Hires will be Key

It is quite natural that the retail companies are willing to hire great talent to drive business growth, especially during the times when the market is unstable, a country's economy is degrowing and the competition is on the peak. And that is also when the focus on quality candidates tends to intensify as staffing budgets decrease.

3 Talent Acquisition — Building Quality Talent Pools

With the advancement of HR tools to fill vacant positions in a retail company makes life easier for recruiters and job applicants both. A large section of the HRs say that the recruitment technology has impacted their hiring process positively, helping to manage and grow their pool of qualified candidates faster and easier.

What is more, the role that talent acquisition teams will take on in 2023 and beyond may be broader than simply sourcing potential candidates. With recruitment teams bearing the brunt of tech layoffs in 2022, the need for efficient candidate sourcing will skyrocket. Fewer hands-on deck will call for some level of automation.

That is where a strategic approach to building talent pools might save the day. Rather than treating every new role as a new project, recruiters will be better off pooling future applicants into well-defined talent pools: by skill set, seniority, or location. This way, they can skip the initial candidate screening and accelerate time-to-hire with newly opened roles. Every retailer's website nowadays provides a 'career' or 'work with us' hyperlink which enables the job seekers to upload their resume with the retailer's website. Using the uploaded resumes companies can build their own resume database, which can be used for existing and future requirements. Online recruitment helps the retailer automate the recruitment process, thereby saving their time and costs on recruitments.

Check Your Progress B

1. Discuss the emerging role of E-Recruitment in the retailing context?

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2. What are the merits and demerits of 'poaching'?

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3. Distinguish between the recruitment and selection.

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4. Identify the various steps in the recruitment process.

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5. Which of the following statements are True or False?

    i)   Recruitment is the same as employment and selection.

    ii) Recruitment process begins when new recruits are sought and their applications are submitted.

iii) Job aspirants registered with employment exchanges constitute internal sources of Recruitment.

iv) Employee referrals are the external method of recruitment.

v) Arranging interviews is one of the important steps in the recruitment process.

4.8 LET US SUM UP

Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in any retail organization. It involves estimation of vacancies and planning for selection and appointment. Importance of recruitment is that it aims at increasing the number of applicants and selection is somewhat negative as it selects the suitable candidates in which the unsuitable candidates are automatically eliminated. A retailer can recruit the people from internal or/ and external sources. Internal sources are: retired employees, dependents of deceased employees etc. and external sources are: employment exchanges, campus interview, candidates referred by existing employees etc. The methods of recruitment can be broadly divided into two: internal methods and external methods. Internal methods are: promotions and transfers, job posting and employee referrals etc. External methods are: campus recruitment, advertisements, employment exchanges etc. The recruitment process is influenced by the size, policy, and image of the retailer. The steps in the recruitment process are: Identify vacancy, job description, advertising the vacancies, short-listing, arranging interviews, conducting interview and decision making. Recruitment and selection are two phases of the employment process. The difference between the two is that Recruitment is concerned with collecting the sources of human resources whereas selection is concerned with selecting the most suitable candidates through various interviews and tests. In order to keep pace with the ever-challenging demands from the external environment many retailers tend to move away from conventional recruitment methods and adopt the new methods which are: outsourcing, poaching/raiding, and e-recruitment.

4.9 KEY WORDS

Recruitment: The process of searching the candidates for employment and motivating them to apply for jobs in the Organization.

Selection: Screening employees to choose the most suitable candidate for the job.

Outsourcing: Transferring the selection process to a third party.

Poaching: Attracting experienced employees from competing firms.

E-Recruitment: Taking the help of the internet and databases for the recruitment process.

Answers To Check Your Progress

(B) 5) i) False ii) True iii) False iv) False v) True

4.10 TERMINAL QUESTIONS

1) What do you understand by 'recruitment'? Explain the process of recruitment.

2) Discuss critically the various sources of recruitment for employees.

3) Critically examine in detail the external methods of recruitment.

4) What is selection? Distinguish between recruitment and selection.

5) Write a short note on the following:

   i) Outsourcing

   ii) Poaching

   iii) E-recruitment

FURTHER READINGS

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UNIT 5   SELECTION AND INDUCTION

Structure

5.0   OBJECTIVES

After studying this unit, you will be able to:

● Identify the steps in the selection process

● Discuss different methods of selection

● Explain various issues involved in the selection process

● Describe the need and importance of induction for a new employee

● Discuss the induction procedure in Retailing

5.1   INTRODUCTION

Retail world is fast changing and evolving too. The role of HR stands vitellin ensuring the profitability and survival for a retail company. This involves 'Selection' which is a process of choosing appropriate candidates from the obtained application to match the requirements of the job. It is the process of matching the qualifications of applicants with the job requirements, weeding out unsuitable candidates and finally identification of most suitable candidates. The need for right selection is self-explanatory as it identifies the right candidate for the right job. A suitable candidate may add up to the success of the organization by better utilization of the company's resources. Selecting a suitable candidate is not an easy task in the part of the hr and requires a skill set. The hr of the company should be very-very care full while going through the selection process

 A wrong selection would not only lead to the loss of organisational resources and time but it would adversely impact the organisational culture besides, repeating the entire selection process again consuming the assessment efforts of the HR team again. A wrong, hasty selection would also demotivate the existing team employees and may lead to attritions. In this unit, you will learn the concept, objectives, importance, and steps in the process of selection. You will further learn about the concept, purposes, and steps in induction in the Indian retailing environments.

5.2 MEANING AND IMPORTANCE OF SELECTION

The Business Dictionary defines employee selection as the "process of interviewing and evaluating candidates for a specific job and selecting an individual for employment based on certain criteria."

The purpose of selection is to pick the most suitable candidate who would meet the requirements of the job in a retail organization in the best possible way. To meet this goal, the retailer fetches and assesses information about the applicants in terms of age, qualifications, skills, and experience. The needs of the job are matched with the profile of candidates. How well an employee is matched to a job is very important because it directly affects the amount and quality of the employee's work. Any mismatch in this regard can cost the retailer a great deal of money, time, and trouble especially, in terms of training and operating costs. In the time context, the employee may find the job distasteful and leave in frustration. The size of the labour market, the image of the retailer, the place of posting, store environment, the nature of job and compensation package may influence the aspirants who are likely to respond to the recruiting efforts of the retailing company. Through the process of recruitment, the retailer locates prospective employees and encourages them to apply for vacancies at various levels. Recruiting, thus, provides a pool of applicants for selection.

Selecting the wrong employees can lead to all sorts of problems down the line. For instance, employees may fail to perform their jobs satisfactorily, they may leave soon after being hired because they are simply not suitable for the retailer, or they may require extensive training and mentoring, which you may not have the time to provide. Employees who are suitable for your store and the company, and have the skills and expertise required to do the job for which they are hired, are much more likely to meet expectations and stay in the position for a considerable time. On the other hand, employees who are chosen poorly and lack the previously mentioned qualities will likely be terminated or leave on their own, often soon after hiring. As earlier understood, the retail HR will then be back to square one, trying to fill the empty position, which can be a costly endeavour. Meanwhile, other good employees often suffer because they must take on the duties of the empty position until it is filled once again.
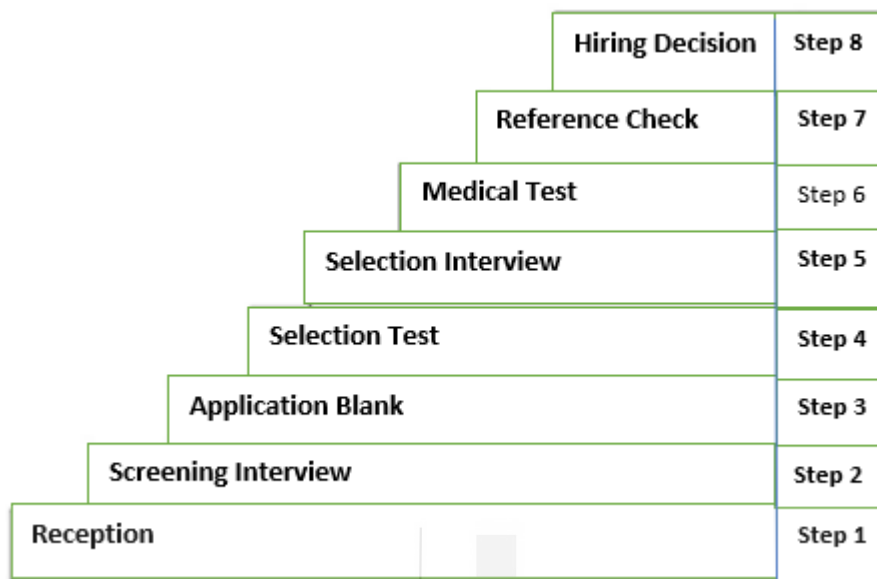
5.3 STEPS IN SELECTION PROCESS

The sequence of steps in the selection process may also vary from job to job and retailer to retailer. For example, some retailers may give more importance to testing while some may give more emphasis to interviews and reference checks. Still others may choose a situational approach of selection with a combined approach. In the retail world in India, a single brief selection interview might be enough for applicants for the lower-level positions, while applicants for managerial jobs might be interviewed by several people. There are eight steps in the selection process followed by many retailers. The steps are (**reception, screening interview, application blank, selection test, selection interview, medical test, reference checks, and finally the hiring decision**). It may be noted here that each of these eight steps

stand vital on their own and can't be bypassed. Look at figure 5.1 which shows the steps in the selection process.

Fig: 5.1 Steps in the Selection Process

1. Reception: A retailer is also known by the people it employs. It won't be wrong to say that the employees are the brand ambassadors for a retailer. In order to attract people with talents, skills and experience a retailer aims to create a favourable impression on the applicants' right from the stage of reception. Whoever meets the applicant initially should be tactful and able to extend help in a friendly and courteous way.

2. Screening Interview: A preliminary interview is generally planned to cut the cost of selection by allowing only eligible candidates to go through the further stages in selection. Preferably, it is done in online or telephonic mode. A junior executive from the Personnel Department may elicit responses from the applicants on important items determining the suitability of an applicant for a job such as age, education, experience, pay expectations, aptitude, location choice etc.

3. Application Blank: Application blank or form is one of the most common methods used to collect information on the various aspects of the applicants' academic, social, demographic, work related background and references. It is a brief history sheet of a candidate's background.

4. Selection Testing: Selection test attempts to assess intelligence, abilities, personality traits and performance through simulation tests including work sampling and the tests administered at assessment centres. A test is a standardized, objective measure of a person's behaviour, performance, or attitude. It tries to measure individual differences in a scientific way giving very little room for individual bias and interpretation. Some of the commonly used employment tests are:

    a. Intelligence Tests: These are mental ability tests. They measure the incumbent's learning ability and the ability to understand instructions and make judgments.

    b. Aptitude Test: Aptitude test measures an individual's potential to learn certain skills-clerical, mechanical, mathematical, etc.

c. Personality Test: It refers to methods of measuring personality factors and the relationship between personality factors and actual job criteria.

5. Selection Interview: Interview is the oral examination of candidates for employment. This is the most essential step in the selection process. In this step the interviewer matches the information obtained about the candidates through various means to the job requirements and to the information obtained through his own observations during the interview. Interview gives the retailer an opportunity to examine the personality of the candidate.

Interview is an art. It demands a positive frame of mind on part of the interviewers. Interviewees must be treated properly to leave a good impression about the retail organisation in their minds.

6. Medical Test: Certain jobs require physical qualities like clear vision, perfect hearing, unusual stamina, tolerance of hard-working conditions, clear tone, etc. Medical examination reveals whether a candidate possesses these qualities.

7. Reference Checks: Once the interview and medical examination of the candidate is over, the personnel department will engage in checking references. Candidates are required to give 2 or 3 names for references in their application forms. These references may be from the individuals who are familiar with the candidate's academic achievements or from the applicant's previous employer, who is well versed with the applicant's job performance and sometimes from the co-workers.

In case the reference check is from the previous employer, information in the areas such as job title, job description, period of employment, pay and allowances, gross emoluments, benefits provided, rate of absence, candidate's regularity at work, character, progress, etc can also be obtained. Reference checks are taken as a matter of routine and treated casually or omitted entirely in many Organizations. But a good reference check, when used sincerely, will fetch useful and reliable information to the organization hiring decision: The interviewer must make the final decision – whether to select or reject a candidate after soliciting the required information through different techniques. A careless decision of rejecting a candidate would impair the morale of the people and they may suspect the selection procedure.

8. Hiring Decision: This is the final and the last step in the selection process of an employee who is issued an offer letter by the HR of the company. After acceptance of the offer letter the selection process is over and the selected candidate/s is/are taken through the induction program.

Check Your Progress A

1.   What is meant by selection? Why is it important for a retailer?

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2.   What is the role of Application Blank in the selection process?

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3.   What are the objectives of selection?

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5. Enumerate the steps involved in the selection process.

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5.4 INDUCTION

By this time, we have understood the concept, objectives, importance, and the process of selection. Now, the retail HR must ensure the enhancement of employees' performance and work productivity by the process of induction. Induction or orientation is the process through which a new employee is introduced to the job and the retailer.

Armstrong states induction as "the process of receiving and welcoming an employee when he first joins a company and giving him the basic information, he needs to settle down quickly and start work."

Good induction training ensures new starters are retained, and then settled quickly and happily into a productive role. New employees also need to understand the retailer's mission, goals, values, and philosophy; personnel practices, health, and safety rules, and of course the job they are required to do, with clear methods, timescales, and expectations.

Induction serves the following purposes:

1. **Removes Fears**: A newcomer steps into a retail organization as a 'stranger'. She/ He is new to the people, workplace and work environment so would not be very sure about what is expected from them. Induction helps a new employee overcome such fears and perform better on the job. Besides, the new employee understands the reporting lines and the data sources who help him/ her accomplish the assigned tasks in a planned way. The new employee may also have his prior working styles which requires to be adjusted to the new organisation's work practices.

2. **Creates a Good Impression**: Another purpose of induction is to make the newcomer feel at home and develop a sense of pride in the company. Induction helps him/her to:

    ●   Adjust and adapt to new demands of the job.

    ●   Get along with people.

    ●   Get off to a good start in least time

3. **Act as a Valuable Source of Information**: Induction serves as a valuable source of information to new recruits. It clarifies many things through employee manuals/handbooks. Informal discussions with colleagues may also clear the fog surrounding certain issues. The basic purpose of induction is to communicate specific job requirements to the employees, put them at ease and make them feel confident about their abilities.

New age retail organisations have written manuals for some specified tasks named as Standard Operating Procedure manuals (SOP), especially for the store operations. They enable them to get acclimatized in the least possible time.

5.5 STEPS IN INDUCTION PROCESS

The HR department may initiate the following steps while organizing the retail induction program:

● Welcome to the organization

● Explain about the company, their vision mission objectives, philosophy, stakeholder orientation and customer centrism.

● Allot and lead to his workplace location, department where the recruiter will work.

● Give the Company's manual (Soft or Hard copy) to the recruiter.

● Provide details about various workgroups and the grievance handling mechanism within the company.

● Give details about pay, benefits, holidays, leave, etc. Emphasize the importance of attendance or punctuality.

● Explain about future training opportunities and career prospects.

● Clarify doubts, by encouraging the employee to come out with questions.

● Take the employee on a guided tour of buildings, facilities, etc. Hand him over to his supervisor.

Check Your Progress B

1. What is meant by induction?

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2. What is the purpose of induction?

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3. Enumerate the steps in the induction process.

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4. What is the induction feedback format?

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5. Which of the following statements are True or False?

   i. Induction is the process through which a new employee is orientated to the job and the organization.

   ii. The basic purpose of induction is to communicate specific job requirements to the employees, put them at ease and make them feel confident about their abilities.

   iii. Induction does not explain about the objectives of a company.

   iv. Induction does not help an employee to adjust and adapt to the new demands of the job.

   v. The main advantage of the induction is that it acts as a valuable source of information.

5.6 LET US SUM UP

Selection is the process of choosing an appropriate candidate from the obtained application to match the requirements of the job. The purpose of selection is to pick up the most suitable candidate who would meet the requirements of the retailer's job in the best possible way. The main objective of selection is to hire people having competence and commitment. The steps involved in the selection process include: reception, screening interview, application blank, selection test, selection interview, medical test, reference checks, and finally the hiring decision. Hired candidates are introduced to the job and organization through an induction process.

From the HR perspective, it is important that the employee gets adjusted well with them by understanding their processes. Good induction training ensures that the new starters are retained, and then settled quickly and happily into a productive role. Induction helps to remove fears from newcomers to the Organization, helps in creation of a sense of pride to the new employee. Induction plays a vital role to communicate specific job requirements to the employees, put them at ease and make them feel confident about their abilities.

5.7 KEY WORDS

Selection: Is the process of choosing an appropriate candidate from the obtained application to match the requirements of the job.

Screening Interview: Is a preliminary interview to cut the cost of selection by allowing only eligible candidates to go through the further stages in selection.

Application Blank: Is a method used to collect information on applicants' academic, social, demographic, work related background and references.

Integrity Test: Is to measure candidates' honesty and to predict the nature of interviewees or candidates who are more likely to steal from an employer or otherwise act in a manner unacceptable to the Organization.

Stress Interview: Is the interview in which the interviewers try to 'discomfort' the candidates in various ways and observe how they react to various difficult situations.

Induction: Is the process through which a new employee is introduced to the job and the organization.

Answers to Check Your Progress

(B) 5) i) True ii) True iii) False iv) False v) True

5.8 TERMINAL QUESTIONS

1.   What is meant by selection? Describe in detail the importance of selection.

2.   State and discuss the steps involved in the selection process of an incumbent.

3.   What is induction? Explain its importance.

4.   Define induction. Discuss the steps to be involved in the induction process.

FURTHER READINGS

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UNIT 6   TRAINING AND DEVELOPMENT

Structure

6.0   OBJECTIVES

After studying this unit, you will be able to:

● Explain the concept of training
● Describe the importance of training
● Explain the process of training
● Identify the methods of training
● Define the term 'development'
● Discuss the importance of development
● Examine the steps in development
● Evaluate the methods of development

6.1   INTRODUCTION

The business environments are evolving fast and this underlines the role of training for the retail sector employees. Technological and product related and marketing environments have underlined this role. Moreover, the HR focuses on it on two aspects: a) to develop employee competencies and b) build competitive advantage or edge. Employee training is a short-term process utilizing a systematic and organized procedure by which non-managerial personnel learn technical knowledge and skills for a definite purpose. It refers to technical and operational instructions. Training begins the very first day an employee starts to work. The main aim of the training program is to fill in the gap between the existing and the desired pool of knowledge, skills and aptitudes. Whereas Executive development is a long-term education process utilizing a systematic and organized procedure by which managerial personnel learn conceptual and theoretical knowledge. In this unit, you will learn the meaning and importance of training and development, the difference between training and development, steps of development and methods of training and development in retail organizations.

6.2   IMPORTANCE OF TRAINING

Human Resources have one unique feature; it is the only resource among all which can be appreciated with time if sufficient care is taken to impart skill and knowledge. Human Resources become an asset in the long run. In today's challenging and changing scenario we cannot exist without training which can be updated with the latest developments in the retailing world and detail-oriented scenario.

In the retail scenario the people involved need to have people interaction skills in order to create qualitative experiences to the customers. If the employees of the Retail Organizations are not trained periodically on the changing profiles and expectations of the consumers, there may be some performance deficiencies. Thus, training employees at the induction level and periodically on specific business dimensions are essential for companies aiming at serving the customers better. Such training may be focused on product development and knowledge, emerging logistics patterns, customer orientation, analytical skills and decision making but not limited to.

To increase the commitment level of employees and growth in quality deliverance, Retail Companies recognized the role of training in building HR competencies. The HRM policy of the companies emphasizes on employee development and long-term education. Training is the most important tool of Human Resource Management to control the attrition rate. It is an organized procedure by which people acquire knowledge and skills for a definite purpose. Training helps in motivating employees, achieving their professional and personal goals, and increasing the level of job satisfaction. Therefore, training is given on a variety of areas for skill development and it covers a multitude of courses.

The need for training and development is determined by the employee's performance deficiencies or deviations in doing the work. It is very well known that without mistakes we cannot do the work or when we do the work invariably there will be mistakes. Purpose of training is to minimize these mistakes to increase effectiveness of the job. This also prepares the employee to become ready to take up higher order responsibilities as well.

Importance of Training

The importance of training is well recognized by various retail companies and are enumerated as follows:

a. **Optimum Utilization of Human Resources:** Training and Development helps in optimizing the utilization of human resources that further helps the employee to achieve the organizational goals as well as their individual goals. Retail industry employees lost unskilled people therefore with the help of training these unskilled employees turned into skilled employees so that they can be fully utilized.

b. **Development of Human Resources:** It helps to provide an opportunity and broad structure for the development of human resources' technical and behavioral skills in a retail set up. In an industry like retail there is a huge need for soft skills within the employees especially for the front-end staff. Therefore, training helps to develop various soft skills among retail employees. It also helps the employees in attaining personal

growth. With the development of these skill sets the retail employees become more productive and can get growth in or outside of the retail company.

c. **Development of Skills of Employees:** It helps in increasing the knowledge and skills of employees at each level. It helps to expand the horizons of human intellect and an overall personality of the employees.

d. **Enhanced Productivity:** Training enhances the existing knowledge of a retail employee. Enhancement of knowledge helps in increasing the productivity of the employees which in turn helps the retail organization further to achieve its long-term goal.

e. **Team Spirit:** In retail teamwork is very-very important, but this is missing in most of the employees especially in the floor staff. Through training the sense of teamwork, team spirit, and inter-team collaborations can be inculcated among employees. It helps in inculcating the zeal to learn within the employees.

f. **Organization Culture:** It helps to develop and improve the organizational health, culture, and effectiveness. It helps in creating the learning culture within the Organization.

g. **Organization Climate:** Training helps a lot in building the positive perception and feeling about the retail organization among the employees. A trained employee feels a sense of care and concern. A retail employee goes under an induction training before putting him or her on the floor to take up the desired responsibility along with an experienced employee to handhold him/her. The employees get these feelings from leaders, subordinates, and peers as well.

h. **Quality:** It helps in improving upon the quality of work and work-life.

i. **Healthy Work-Environment:** It helps in creating a healthy working environment. It helps to build good employee relationships so that the individual goal aligns with organizational goals.

j. **Health and Safety:** It helps in improving the health and safety of the organization thus preventing obsolescence. In retail it is mandatory to hold fire and safety training for all and it is compulsory for all to attend this training without fail. Frequent mock drills happen to make the employee mentally prepared to face any emergency.

k. **Morale:** A trained employee becomes productive and efficient. As he or she goes through the various training in retail and can do their job effectively and efficiently. Therefore, their supervisors, colleagues and other seniors appreciate them and encourage them. which certainly boosts their morale.

l. **Image:** It helps in creating a better corporate image.

m. **Profitability:** It leads to improved profitability and more positive attitudes towards profit orientation.

n. **Organizational Overall Development:** Employees become more effective in decision-making and problem solving. It helps in understanding and carrying out organizational policies

o. **Developing Leadership Skills:** In retail leadership is required more than a manager at all levels. Retailers put ample efforts through training and development to develop these skill sets among the employees. Role play is also very effective in developing leadership skills. In the absence of a supervisor someone from the team takes the charge of the team and performs the duties. Therefore, with the due course of time the respective employee develops the leadership skill.

6.3 METHODS OF TRAINING

1. **On-the-job Training:** In this method, the trainee is placed on a regular job and taught the skills necessary to perform it. Example a floor staff is placed in a department with an experienced staff to handhold him/her or a trainee cashier is placed with an experienced cashier in the cash point. The trainee learns under the guidance and supervision of the instructor. The trainee learns by observing and handling the job. Therefore, it is called learning by doing.

   The following techniques are used for on-the-job training of the employees.

   i. **Coaching:** This technique is used to train generally the manager level employees. It is also applied to the other categories of employees. It is a person-to-person interaction. The superior or expert in a particular area observes the performance of an employee closely and initiates corrective action. This technique focuses on identifying weaknesses and finding the areas of improvement. Retail store managers deploy this for enhanced customer servicing, cashiering roleplays, customer service desk operations etc.

   ii. **Mentoring:** The junior employees are attached to seniors for training. The seniors will provide guidance and understanding of various issues related to the organization, job performance techniques, culture and traditions, vision and mission, team work and group behavior, etc to the juniors. In retail firms this is generally done with observational methods owing to existing workloads. However, it stands more meaningful for hiring employees for newer geographical expansions. Such as new retail store opening

   iii. **Committee Assignments:** The employees are nominated as a member of the committee to facilitate learning under this method. This method provides an opportunity for the employee to participate in the decision-making process, observe the activities of other members and investigate organizational problems.

2. **Vestibule Training:** In this method, a training center called vestibule is set up and actual job conditions are simulated in it. Expert trainers are employed to provide training with

the help of equipment and machines which are identical with those in use at the workplace. Important functions like cashiering, valuable merchandise stock closing and opening, CCTV vigilance etc. come in its purview. This happens when the end of season sale is around the corner and retail stores need to train extra cashiers to handle extra pressure due to season end sales. Few POS machines i.e., billing machines are installed in a training room and the selected people are given the required training to perform as a cashier at the hour of need.

3. **Apprenticeship Training:** In this method, theoretical instruction and practical training learning are provided to trainees in training institutes/ centers. There have been numerous retail training institutes which have developed to suffice this growing need. The main aim is to develop all round retail employees to whom generally, a stipend is paid during the training period. Thus, it is also known as the "earn when you learn" scheme.

4. **Classroom Training:** Under this method, training is provided in company classrooms or in educational institutions. Lectures, Case studies, group discussions and audio-visual aids are used to explain knowledge and skills to the trainees. Classroom training is suitable for teaching concepts, providing product knowledge, selling skills and problem-solving skills.

5. **Internship Training:** It is basically a joint program of training in which educational institutions and business firms cooperate. Selected candidates carry on regular studies for the prescribed period. They also work in retail stores to acquire practical knowledge and skills. This method helps to provide a good balance between theory and practice. In retail companies you may find MTs i.e. (Management trainees) working on the floor as floor manager etc.

Check Your Progress A

1. What is meant by training?
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2. Write three importance of training.
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3. What is the purpose of training?
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4. State the methods of training.
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6.4 DEVELOPMENT

So far you have learnt about the concept, purpose, importance, and methods of training which is basically a short-term process involving a systematic and organized procedure for gaining technical knowledge and skills for a definite purpose. Let us now move ahead with another aspect of retail skill enhancement i.e., executive development. The success and growth of an organization depends largely upon the caliber and performance of its executives. Therefore, it is essential to train and develop executives who can succeed as the managers of today (succession planning). Executive development is a long-term education process utilizing a systematic and organized procedure by which managerial personnel learn conceptual and theoretical knowledge. It involves their learning and growth for gaining and applying this knowledge, skills, attitudes, and insights to manage the work effectively and efficiently. The main aim of executive development is to improve the performance of managers at all levels in their present jobs and to ensure the availability of the required number of managers with the needed skills to meet the present and anticipated future needs of the retail organization.

Executive development consists of all the means by which executives learn to improve their behavior and performance with efficient utilization of the available resources. With the increasing complexities and competition in the business, retail managers need to develop competencies. The rapid rate of technological and social change in society requires training of managers so that they can cope up with these changes. Labor management relations are becoming increasingly complex and the retail executives require having continuous new and better skills towards handling various issues like union negotiations, collective bargaining, grievance redressal, etc. They also need education and training to understand and adjust to changes in socio-economic forces. Changes in public policy, concept of social justice, industrial democracy, ecology, ekistics, ergonomics, cultural, anthropology are the main socio-economic changes. Executive personnel will not be able to survive in future unless they keep pace with modern management education, research principles and practices. No retailer can remain successful in the long run without a planned approach to the development of its managerial base. You have studied about the development in retail, let us learn why development is important in retail?

Importance of Development in Retail

1) **Employee Retention:** High attrition rate is a big problem in retail, people switch from one company to another just like that. The Hr of the companies find it difficult to retain such employees. Therefore, development of employees helps her to retain the employee for a long term. Developed employees may move to the next level and continue for long.

2) **Motivate Employees:** Employee development facilitates the personal growth of an employee in a retail organization. A potential employee can be groomed for the next level with the help of an employee development program. This is a huge source of motivation for the existing employee to stay with the company for long and perform well.

3) **Attracts External Talents:** A retail company which has an effective employee development program can attract external talented and intellectual people to join their

retail company. Fresh graduates who have the aspiration and ambition to grow in life would join such retail organizations and will contribute to the organizational growth along with their personal growth.

4) **Organizational Growth:** Organizational growth largely depends on the development of the employees. Well-developed employee brings fresh and new ideas to generate more sales for the store and for the company. Offer excellent customer service which in turn helps in customer retention. Customer retention ensures assured business from the loyal customers in the long term.

5) **Provide Competitive Edge:** A well-developed workforce would contribute to enhancing the customer service in a retail store. May resolve customer issues quickly and can give satisfactory solutions to the customer which improves the customer experience. A high-quality customer service may bring a competitive edge to the retail company.

6.5   STEPS IN DEVELOPMENT

The Essentials steps in executive development program are as follow:

1. **Analysis of Development Needs:** This involves the present and future requirements of the retailer in terms of organic and inorganic growth of the stores. Once assessed with the manpower requirements (count type, level, function/ role specialization etc.). This tabulates the retailer needs for key executive positions as well as succession planning. Then job descriptions and specifications are prepared for all executive positions to know the type of knowledge, skills, training, and experience required for each position. New executives are groomed at existing stores and are ready to take over roles at newer stores. This acclimatizes them with the retailer's policy, procedures, and culture too.

2. **Appraisal of Present Managerial Talent:** Retail is fast paced and the executives require to continuously upgrade themselves to meet the challenges. So, it becomes pertinent from the HR perspective that a regular qualitative assessment of the existing executives is made to determine the type of executives' talent available within the organization. The performance of every executive is compared with the standard expected of them. Their personal traits are also analyzed to estimate their potential for development. It is important that the executive development process stays abreast with the ambitious growth plans of the retailer as it is much of a critical success factor.

3. **Inventory of Executive Manpower**. This inventory is prepared to obtain complete information about each executive. Data on the age, education, experience, health, test results and performance appraisal results are collected. This information is maintained on cards or replacement tables for each executive. An analysis of this information will show the strengths as well as deficiencies of executives in certain functions related to the future needs of the retailer. Such factors may involve relocation reluctance or specification, language preferences or may be team cohesion for associated working.

4. **Establishing Training and Development Programs.** The human resource department prepares comprehensive and well-conceived programs. The department identifies development needs and may launch specific courses in the areas of leadership, decision-

making, human relations, etc. It also recommends specific executive development programs organized by well-known Institutes. On the basis of recommendations, the top management nominates the executives to participate in these programs at the cost of the retailer and may include programs like product knowledge, Negotiation skills, computer led decision making skills, Artificial Intelligence and technologies like use of Radio Frequency Identification Devisees (RFID), Enterprise Resource Planning (ERP), Automated Replenishment System (ARS) Customer Relationship Management (CRM) and automation.

5. **Evaluating Development Programs:** Considerable money, time and efforts are spent on executive development programs so the evaluation of its effectiveness is obvious. Program evaluation will reveal the relevance of the development programs and the changes that should be made to make these more useful to the Organization. Observation of the trainee's behavior, rating of the training elements, opinion surveys, interviews, and changes in productivity, quality, cost, etc. can be used to evaluate development programs. They not only make the retailer more effective but also raises the quality of the executives thereby making them formidable from the competitive point of view as well.

6.6 METHODS OF DEVELOPMENT

Several methods are deployed for enhancing the skill and competencies of the employees. The most popular among them are: When training is provided to employees outside the work premises it is called off-the-job training. This training is used to prepare the employee well before the actual job is assigned. This method reduces significantly the initial failures in the job performance and increases employee confidence in job performance. With the onset of technology and the covid scenario, such methods have gained momentum.

Lecture: It is one of the oldest methods of training. It is used to provide conceptual understanding on various issues related to business organizations and jobs. The behavior and attitudes of the people can be influenced significantly through the lecture method. Whether online, offline or in blended mode, they bring continuous interaction between trainer and the trainee thus helping in understanding the trainees' specific needs. This paves way for providing instantaneous feedback on learning. This method is less expensive and facilitates reaching a larger number of people simultaneously. When the lecture method is used along with demonstrations, discussions and questioning it becomes much more effective in training employees. In retail an external training is conducted on a regular interval to give training or lectures. Here a venue is decided, external agencies are hired for trainers and the pre decided numbers of participants join the training session. The external lecturers give the lectures on the various aspects of the job of the participants attending the training.

Case Study: Case studies are useful to simulate decision making situations that resemble the workplace. This approach is properly used for management development. They are understood to bring better adaptation as the executives can place themselves in that case scenario.

Harvard Graduate School of business is popular in this training technique. Trainees study cases to identify and define problems, analyze root causes for the problem, develop alternatives in the light of organizational internal, external, and environmental challenges and select one alternative as solution. It is a written description of an actual situation and the trainer is supposed to analyze and give his conclusions in writing. The cases are generally based on organizational situations.

This method develops decision making skills as well as procedural and strategic knowledge. Case study method provides for decision making among participants and excellent opportunity for the trainee to exhibit the analytical and judgmental abilities. At times, executives can assess and prioritize the problems as per the available resources as well as cause-effect resultant relationship. In retail, case study is used as a tool to assess the decision-making ability, analytical skill etc. in an assessment for the promotion for the next position in the retail organization.

Seminars: Seminars provide ample opportunity to the trainee to study extensively a particular aspect and prepare a presentation and place it comprehensively to the other members of the group. Seminars improve knowledge base, develop analytical and presentation abilities, and provide an opportunity to interact with a group of people emphasizing the trainee's point of view on the theme. In retail generally the store managers and above are sent to attend various retail meets and seminars.

Sensitivity Training: This method is used basically to change the behavior of the trainees through group process. The objective is to create increased understanding of the trainees about their own behavior. This training develops the ability of individuals to sense what others feel and think from their own point of view. Sensitivity training follows three steps.

● **Unfreezing Old Values:** In this stage, the trainee will be able to organize the inadequacy of old values and beliefs. Required support and guidance will be provided at this stage.

● **Development of New Values:** The training environment, interactions with fellow trainees and participation in formal and informal discussions, trainers' guidance and advice help the trainee to develop new values. The trainees are encouraged to experiment a range of new values and behaviors. The feedback is collected and discussed to modify the behavior of the trainee.

● **Refreezing the New Values:** It involves allowing the trainee to practice their new behavior and values at their workplace. The success of this stage depends upon the opportunity one gets at the workplace to practice the changed behavior.

This sort of training is conducted for the employee who has a behavioral issue by changing his or her department. In the new department all things will be different, so that he or she can improve upon his or her behavior.

Simulation Exercises

These exercises are intended to provide an artificial environment to the trainee wherein he/ she will be put in the role of a decision maker for sorting out the managerial problems. Simulation is nothing but creating a real-life situation for decision-making and understanding the actual job conditions. The popularly used simulation exercises are role play, and business/ management games.

i) **Role Play**: In role play the participant is given a role to play. The trainee is provided with some information on the role, objectives, responsibilities, emotions, etc. The trainee will also be briefed on the likely problems in handling the role.

Once the participant understands the role with the help of the description material supplied, he/ she acts the roles in his/her own style. This method helps in developing communication skills, interpersonal skills, and ability to resolve conflicts. The trainees may be asked to perform different types of roles such as multiple roles, single role, role rotation and spontaneous role play. In retail often floor managers create a shadow floor manager who takes care of the department in his or her absence. The selected person is another team member who is well experienced and aspires to become the regular floor manager.

ii) **Business / Management Games**: This method has become popular in recent years. It is used to sharpen managerial skills, leadership skills, problem solving abilities and provide an opportunity to the trainee to apply the principles learned in a situation. Business games are based on a set of rules, procedures, plans, relationships, and principles.

Under this method, the trainees are given a hypothetical situation described on a paper and they will be asked to make decisions that benefit the organization and contribute to the achievement of the organizational goals. The trainee provides some options, and based on the feedback of the result the trainee modifies the decision until the expected result is achieved. Only a limited number of trials is given to work out for effective results. Business games stimulate the entire organization and provide a better perspective to the trainees than any other training method. It is the only method that allows the trainee to visualize how his / her decisions and actions impact the other related areas in the organization.

Check Your Progress B

1. Explain the term executive development?
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2. Write three importance of executive development in retail organizations.
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3. What is the simulation method of executive development?
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4. Distinguish between on-the job training methods and off-the-job training methods.
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5. Which of the following statements are **True** or **False**?

i) Training refers to instructions in technical and mechanical operations.

ii)   Executive Development is a systematic process of learning and growth by which managerial personnel gain and apply knowledge, skills, attitudes, and insights to manage the work effectively and efficiently.

iii)   Apprenticeship Training is also known as the "earn when you learn" scheme.

iv)   Off-the-job training methods are directly in the context of the job.

v)   On-the-job training methods are costlier than Off-the-job training methods.

6.7   LET US SUM UP

Training is the process of increasing the knowledge and skills for doing a particular job. It is an organized procedure by which people learn knowledge and skills for a definite purpose. The purpose of training is basically to bridge the gap between job requirements and present competence of an employee. Methods used to provide the training to the employees are: vestibule training, apprenticeship training, classroom training and internship training. Development is a systematic process of learning and growth by which managerial personnel gain and apply knowledge, skills, attitudes, and insights to manage the work effectively and efficiently. The main aim of executive development is to improve the performance of managers at all levels in their present jobs and to ensure the availability of the required number of managers with the needed skills to meet the present and anticipated future needs of the organization. Retail organizations basically depend upon performance of human resources to face the ever-changing business challenges. No organization can survive in the long run unless the ingredients required for executive development are of high quality. Essential ingredients of an executive development program are: analysis of developmental needs, appraisal of present managerial talent, inventory of executive manpower, establishing training and development programs and evaluating the development programs. Development can be made through various methods which are: lectures, case studies, group discussion role playing management games, in basket exercise and sensitivity training.

6.8   KEY WORDS

Training: Is the acquisition of knowledge, which permits employees to perform their present job to standards. It improves human performance on the job the employee is presently doing or is being hired to do.

Development: Is any learning activity directed towards future needs of employees rather than present needs.

Performance Variance: Is the difference between standard performance and actual performance of an employee.

Trainers: Who imparts training are trainers

Trainees: People to whom training has been given are trainees.

Competence: Ability to apply available knowledge, skill, education & training into practice to achieve the goals of the organization.

Answers to Check Your Progress

(B) 5) i) True ii) True iii) True iv) False v) False

6.9 TERMINAL QUESTIONS

1. Which on- the- job training method do you think is effective? Why?

2. Describe the steps to be taken while making the program for the development of Executives.

3. What do you understand by training? Distinguish between training, and development.

4. What do you understand about executive development? Explain its objectives.

5. Explain off-the-job techniques of training executives.

6. "Executive development provides a competitive edge to a retail organization." Comment on the statement.

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UNIT 7 COMMUNICATION

Structure

7.0   OBJECTIVES

After studying this unit, you will be able to:

- Explain the meaning of communication
- Identify the need of communication
- Describe the process of communication
- Identify the barriers of communication
- Identify various ways of overcoming the barriers of communication
- Elaborate various means to improve the effectiveness of communication in our day-to-day work.

7.1   INTRODUCTION

The term communication is derived from the Latin word *'communis'* meaning understanding for sharing of ideas in common. Communication is a two-way process of reaching mutual understanding, in which participants not only exchange information but also create and share meaning. It is a process by which an individual or group transmits information, ideas, and feelings to another individual or group. It is a two-way process which aims at conveying understanding from one person to another. Main purpose of communication is to convey information and ideas in such a manner that will produce a response as desired by the sender. In this unit, you will learn the concept, importance, process and means of communication. You will also be acquainted with the barriers of communication and how to overcome the barriers of communication.

7.2   IMPORTANCE OF COMMUNICATION

Communication may be made through oral or written. In oral communication, listeners can make out what the speaker is trying to say, but in written communication, text matter in the message reflects your thinking. So, written communication or message should be clear, purposeful, and concise with correct words to avoid any misinterpretation of the message. Written communications provide a permanent record for future use and it also gives an

opportunity to employees to put up their comments or suggestions in writing. So, effective communication is very important for successful working of a retailer. Communication is required at various levels and for various aspects in an organization. The importance of communication is as follow:

Manager – Employee Relations: Effective communication of information and decision is an essential component for management-employee relations. The manager cannot get the work done from employees unless they are communicated effectively of what he wants to be done? He should also be sure of some basic facts such as how to communicate and what results can be expected from that communication. Most management problems arise because of lack of effective communication. Chances of misunderstanding and misrepresentation can be minimized with a proper communication system.

Example: A floor manager wants to convey about an offer running in the store to his team. The manager decides to communicate this at the staff briefing so that all the team members should be well informed about the offer. In case of any doubts can be cleared then and there and to avoid any conflicts with the customer.

Motivation and Morale: Communication is also a basic tool for motivation, which can improve morale of the employees in an organization particularly in retail. Inappropriate or faulty communication among employees or between manager and his subordinates is the major cause of conflict and low morale at work. Managers should clarify to employees about what is to be done, how well it is to be done and what can be done for better performance to improve their motivation. He can prepare a written statement, clearly outlining the relationship between company objectives and personal objectives and integrating the interest of the two.

Increase Productivity: With effective communication, you can maintain a good human relation in the organization and by encouraging ideas or suggestions from employees or workers and implement them whenever possible. Many retailers held a competition to encourage employees to come up with new ideas and suggestions and the best idea gets the rewards and implemented. You can also increase production at low cost. It is through the communication that employees submit their work reports, comments, grievances, and suggestions to the management. Organization should have effective and speedy communication policy and procedures to avoid delays, misunderstandings, confusion, or distortions of facts and to establish harmony among all the concerned people and departments.

Communication is like the blood circulation system of the human body, the absence of which can lead to decay and death of an organization. It is a purposeful exchange of meaningful information between two sources, the sender and receiver. Communication establishes a common ground for understanding.

Enhance Customer Satisfaction: An effective communication influences customer directly. Clear communication removes the barrier between the sales executive and customer. Most customers are likely to purchase from a brand repeatedly if they receive friendly customer service. Teams should try to handle customer interactions properly by listening to their complaints and answering their questions. All these lead to an increase in customer satisfaction.

Trust on the Retailer: When a retailer is successful in achieving customer satisfaction, the customers trust, resulting in repeat orders and new customers. Regular interaction with

customers can go a long way in establishing trust. Take measures to provide employees the resources they need to deliver excellent customer service.

7.3   PROCESS OF COMMUNICATION

You have learnt the importance of communication. Let us take a closer look at the elements in the communication process. The communication process is a simple model that demonstrates all the factors that can affect communication. Communication is effective if the message received is understood in the same spirit. The process of communication is as follow:

Sender: The communicator or sender is the person who is sending the message.

There are two factors that will determine how effective the communicator will be.

The first factor is the communicator's attitude. It must be positive. The second factor is the communicator's selection of meaningful symbols, or selecting the right symbols depending on your audience and the right environment.

Message: Message is an idea or information that passes from a communicator to a receiver.

Medium: This is the carrier of messages sent by the communicator. supervisors communicate with their subordinates and others through various means- For example – Face to face communication, telephones, group meetings, computers, memoranda, policy statements, and production schedules and sales forecasts. The medium can be oral or written. A written communication may be in the form of a notice or circular or hand out or a letter. Oral communication can either be face to face or through the medium of line hierarchy from supervisor to subordinate.

Receiver: The receiver is simply the person receiving the message, making sense of it, or understanding and translating it into meaning. Communication is only successful when the reaction of the receiver is as intended by the communicator. Effective communication takes place with shared meaning and understanding.

Encoding: Communicator's message must be translated into a common language which reflects the idea. Messages must be encoded. A simple example of encoding can be – A thirsty person may use body language by lifting the thumb to face to communicate that he needs drinking water. This encoding action produces a message.

Decoding: This refers to the process by which the receiver translates the message into the terms that are meaningful. Decoding is very important for understanding the message. Sometimes specialist professionals use symbols that people outside the group cannot decode.

Feedback: A feedback loop provides a channel for the receiver response which enables the communication to determine whether the message received is the same as the message sent. It provides a kind of check to see how successfully the message is transferred and interpreted by the receiver.

Check Your Progress A

1. Define communication.

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2. Distinguish between encoding and decoding.

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3. What is the significance of communication?

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4. Describe any two objectives of communication.

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5. List out the factors affecting the communication process.

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7.4 MEANS OF COMMUNICATION

The means of communication may be verbal and non-verbal.

Let us now learn the means of communication:

Verbal Communication: Communication takes place either in the form of face-to-face expressions or in the form of written words.

1. **Oral Communication:** Oral communication is information spoken by mouth; the use of speech. Some of the examples of oral communication are: Face to face communication, Telephonic Communication, Speech, Audio & Visual Media (Radio, TV), Lectures, Conference-Interchange of views, Meetings, Cultural Affairs.

Example: In case a store manager wants to convey a message to the entire store may be some offer, scheme, commencement of sale period or any other important issue. This can be done during the store meeting which generally takes place once in a week. This is a form of oral communication.

2. **Written Communication**: Communication by means of written symbols (either printed or handwritten). Some of the examples are: Orders, Instructions, Letters, Memos, Reports, Information Bulletin, etc.

Example: An email received by the floor or store manager from the merchandiser from Head-office regarding drop in sale or Hr of the store send email to the Head-office regarding the Human resource concern of the retail store are some the examples of written communication take place between the retail store and Head-office.

Non-Verbal Communication: Communication may also take place with the help of some signs and symbols. Examples are:

1. **Body Language**: Includes facial expression, eye contact, postures, gestures, touch etc.

2. **Space Language**: It includes surroundings (design & language). It communicates social status also.

3. **Sign Language:** A sign language is a language which, instead of conveyed sound patterns, uses visually transmitted sign patterns.

7.5   BARRIERS OF COMMUNICATION

Have you ever been talking to someone and they misunderstand what you were saying? Why do you think that happens? At any point in the communication process a barrier can occur. Barriers keep us away from understanding others' ideas and thoughts. Barriers can appear at any point of the communication loop. There are two types of barriers—internal and external. Examples of internal barriers are fatigue, poor listening skills, attitude toward the sender or the information, lack of interest in the message, fear, mistrust, past experiences, negative attitude, problems at home, lack of common experiences, and emotions. Examples of external barriers include noise, distractions, email not working, bad phone connections, and environment. Barriers keep the message away from getting through. When communicating, watch out for barriers. Monitor the actions of the receiver. Watch his/her body language; check to make sure the message the receiver received is the one sent—ask questions and listen. Communication barriers may take place because of the following:

1. **Filtering**: Sometimes the information is filtered by the sender himself. A Manager is attempting to filter the information in the process of altering the communication in his favour. The subordinates tend to tell the boss what he likes to hear. The supervisor likewise is reluctant to admit to his subordinates, their problems or situations which reflect adversely on his ability. These natural tendencies stand as barriers to upward and downward communication and lead to many wasteful and avoidable problems.

2. **Selective Perception**: The receiver in the communication process generally resorts to this, i.e., he selectively perceives the message based on the organizational requirements, the needs, and characteristics background of the employees etc. Perceptual selection may sometimes lead to perceptual distortion. People interpret information in terms of stereotypes which is misleading normally.

3. **Emotions:** How the receiver feels at the time of receipt of information influences effectively how he interprets the information. For example, if the receiver feels that the communicator is in a jovial mood, he interprets that the information being sent by the communicator to be good and interesting. Extreme emotions and jubilations or depressions are quite likely to hinder the effectiveness of communication. A worried employee may see a threat in everything he sees and hears.

   Example: Ramesh is a floor staff who is worried due to not receiving a salary. Approached the store Hr and explained his concern, the Hr. was emotionally charged-up due to some family issues. The hr. without understanding his concern completely he shouted at him. This is an example of the communication barrier that took place between the Hr, and the staff. The Hr. did not even listen to him due to his emotion.

4. **Language or Semantic Barrier:** Communicated message must be understandable by the receiver. Words mean different things for two different people; words also vary in degree of abstraction. Language by the very nature may be incomplete and semantics may create communication problems. In an organization, people come from different regions, different backgrounds and speak different languages. People have different academic backgrounds or qualifications, different intelligence and hence use complex words or jargon in communication.

5. **Information Overload**: The effectiveness of communication is likely to be hampered when Supervisors / Managers allow themselves to be updated or overloaded with a wealth of information. That is the reason why Supervisors / Managers are forced to ignore or just give a cursory review of too many messages. In this process, inevitably, many of the messages are either overlooked or misinterpreted.

   Example: A customer service team member was talking to a customer about the exchange policy of the company. In the middle of the conversation, he received a call from another customer on landline, and a phone call from the service manager. All this made him confused and was unable to understand the customer's concern on the call. This happened due to information overload to one person at one time.

6. **Time Pressure**: Supervisors/ Managers are often subjected to time pressure because decisions must be made within a specified deadline. Such time pressure can create communication problems.

7. **Actions Do Not Match with Words**: This is the most serious barrier to communication. A supervisor who asks his men not to sleep while on duty cannot get the desired results if he himself is guilty of sleeping while on duty.

7.6   OVERCOMING BARRIERS OF COMMUNICATION

To make communication effective, Supervisors /Managers must attempt to remove the barriers. Let us learn the measures for overcoming the barriers of communication

Regulate the Flow of Information: Communication should be condensed and only relevant information should be communicated.

Feedback: The Supervisor immediately after communicating a message can ask "Did you follow what I said? "Then the receiver's response is feedback. Feedback need not always be verbal.

Example: A floor manager communicates an offer "Buy worth Rs. 5k & above and get discount of Rs. 1000 on next purchase" start date is 3rd-9th July 2023 to his team in staff meeting. Once the communication was over then he asked one of his team members about the offer. The staff narrated exactly what was told by his manager. This is called taking feedback to confirm the given communication is received by the recipient correctly.

Use Simple Language: Language is perhaps the biggest barrier of communication. Effective communication is achieved when a message is both received and understood. A supervisor should try to avoid jargon or complex words and use a simple language that a subordinate can understand.

Example: Suresh is a floor staff who was not good enough with English and finds it difficult to understand the language well. His manager was aware of this, therefore whenever his manager communicated with him, he always spoke in Hindi with Suresh so the message should be clearly understood by Suresh.

Level of Knowledge: It is always advantageous to speak in the subordinate's language. We should try to understand the level of knowledge, his educational qualification, and fluency of language of the receiver. It is best to communicate in the mother tongue of a subordinate.

Listen Carefully: Communication problems arise because of poor listening. Listening is different from hearing. Hearing is passive whereas listening is an active and intellectual process. While listening, one should stop talking, should be patient, hold his temper, ask questions, remove distractions, and should immensely concentrate on what the speaker is saying.

Example: Prateek is a team member in customer service department in a retail store. He knew the difference between listening and hearing and the benefit of active listening. He was in the habit of listening to the customer with lots of patients coming to the customer service department to offer faster and quick solutions to the customer problem.

Control Emotions: Emotions severely cloud and distort the meaning. When the supervisor or the subordinate is mentally upset over an issue. they are quite likely to misunderstand the message. The best thing is to defer or postpone further communication until calmness and coolness is established. Emotion can be in any form like anger, disgust, upset.

Watch for Non-verbal Cues or Body Language: In case of oral communication the sender should observe the actions of the receiver and find whether they go along with the understanding. A supervisor should watch the non-verbal cues or body language carefully. In any organization grapevine cannot be eliminated. A supervisor should make best use of this. He should be careful in dealing with grapevine because it can carry damaging rumours that adversely affect the effectiveness of communication.

7.7   TEN COMMANDMENTS OF COMMUNICATION

You have learnt the importance, process, means, the measures that help in overcoming the barriers of communication. In order to make communication effective let us observe some important aspects which make the communication effective:

1. **Clarify Ideas Before Communicating**: The more systematically a message is analysed, the more clearly it can be communicated. By systematically thinking through the message and considering who will be receiving and/or affected by it, a professional may facilitate the process of communication. In retail the managers carefully clarify the communication himself or herself first before passing it to the floor staff. So that there should not be any scope of doubts among the staff.

2. **Examine the True Purpose of Communication**: One must ask himself/herself this question – what am I really aiming to accomplish with this message? The communication can then be properly designed. In retail this is taught to the employees to examine the communication before conveying to customers. Because a wrong communication may be unintentional and may land the company in legal trouble. Take the Entire Environment, Physical and Human, into Consideration: Questions such as, what is being said, to whom and when are very important. Your skill lies in how you say what and when.

4. **When Valuable, Take Advice from Others while Planning Communication:** Consulting others can give you additional insight regarding how best to handle the communication. Third person not being directly involved can provide unbiased inputs.

5. **Be Careful of the Overtones and the Basic Content of the Message:** The listener will be affected by the way you put across your message. In fact, your tone, facial expressions are also to be considered. Retail is a service industry therefore one who is dealing with customers must be very careful while interacting with the customers. The customers in the retail industry carry lots of attitude therefore one must be careful about the voice tone, content of the message etc.

6. **Use Crisp Language and be Clear**: It is very important that the words are well chosen and as much as possible the language is crisp. In other words, use minimum words to send across the message and convey useful information.

7. **Follow-up on Communication**: One must solicit feedback in ensuring that the receiver has understood the message. In the retail industry most of the workforce consists of freshers, immature and are not well qualified. Therefore, one needs to always cross check if the staff have followed what was told to them.

8. **Communicate with the Future as well as the Present in Mind**: Most communication happens in meeting with the demands of the current situation. However, this should be in accordance with the long-term goals as well.

9. **Be a Good listener**: By concentrating on the receiver's response, you can ensure his extent of interest in you. In retail an employee who is a good listener can resolve the conflicts easily.

10.   **Exhibit Congruence**: Match your words with your body language. In retail a staff or a manager who so ever interacts with customers their body language must complement their words.

Check Your Progress B

1.   Give three examples of verbal communication.

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2.   Identify four barriers of communication.

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3.   Distinguish between verbal and non-verbal communication.

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4.   List out any three ways of overcoming the barriers of communication.

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5.   Which of the following statements are True or False?

   i)   Mere "transmission" of information and ideas is called communication.

   ii)   Decoding refers to the process by which the receiver translates the message into the terms that are meaningful to him.

   iii) Encoding means that the communicator's message must be translated into a common language which reflects the idea.

   iv)   Body language does not include facial expression, eye contact, postures, gestures, etc.

   v)   Some examples of written communication are: Orders, Instructions, Letters, Memos, Reports, Information Bulletin, etc.

7.8   LET US SUM UP

Communication is a two-way process of reaching mutual understanding, in which participants not only exchange information but also create and share meaning. It is a process by which an individual or group transmits information, ideas, and feelings to another individual or group.

Communication may be made through oral or written. In oral communication, listeners can make out what the speaker is trying to say, but in written communication, text matter in the message reflects your thinking. So, written communication or message should be clear, purposeful, and concise with correct words, to avoid any misinterpretation of your message. The communication process is a simple model that demonstrates all the factors that can affect communication which are: Sender, message, medium, receiver, encoding, decoding and feedback. There are two means of communication, verbal, and nonverbal communication. Examples of verbal communication are: face to face, telephonic, lectures, orders, letters, and reports. Examples of nonverbal communication are: postures, gestures, facial expressions, and eye contact etc. There are two types of barriers—internal and external. Examples of internal barriers are fatigue, poor listening skills, attitude toward the sender or the information, lack of interest in the message, fear, mistrust, past experiences, negative attitude, problems at home, lack of common experiences, and emotions. Examples of external barriers include noise, distractions, e-mail not working, bad phone connections, and environment. To make communication effective, Managers must attempt to remove the barriers and the several ways for the same are: Regulate the flow of information, feedback, simple language, level of knowledge, control emotions, listen carefully and watch body language etc. Ten Commandments of communication help in facilitating the process of effective communication. Retailers face competition and that results in overlapping of communicated messages thereby creating 'noise' leading to delayed and/or miscommunicated messages thus incorrect feedback. Competition messages through various media create confusion and this leads to storage of several parts or unclear messages in the person's mind and is known as 'clutter'.

7.9   KEY WORDS

Body Language: It includes facial expression, eye contact, postures, gestures, touch etc.

Decoding: This refers to the process by which the receiver translates the message into the terms that are meaningful to him.

Encoding: Communicator's message must be translated into a common language which reflects the idea.

Feedback: A feedback loop provides a channel for the receiver response which enables the communication to determine whether the message received is exactly the same as the message sent.

Medium: This is the carrier of message sent by the communicator

Oral Communication: Oral communication is information spoken by mouth; the use of speech.

Receiver: The receiver is simply the person receiving the message, making sense of it, or understanding and translating it into meaning.

Sender: The communicator or sender is the person who sends the message

Space Language: It includes surroundings (Design & Language). It communicates social status also.

Sign Language: It is a language which, instead of conveyed sound patterns, uses visually transmitted sign patterns

Written Communication: Communication by means of written symbols (either printed or handwritten).

Answers to Check Your Progress

(B) 5) i) False ii) True iii) True iv) False v) True

7.10 TERMINAL QUESTIONS

1. Define 'communication'. Why is communication of vital importance to management?

2. State and explain the elements of the communication process.

3. Describe in detail the means of communication.

4. Discuss the barriers in communication. How can a retailer overcome these barriers?

5. Discuss the various ways to improve the effectiveness of communication?

6. Retailers require overcoming the "noise" and "clutter" in the communication process. Comment on this statement.

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UNIT 8 MOTIVATION AND REWARD SYSTEM

Structure

8.0   OBJECTIVES

After studying this unit, you will be able to:

● Define the term 'motivation'
● Discuss various theories of motivation
● Examine the essentials for motivation
● Identify the role of a manager in motivating the employees

8.1   INTRODUCTION

Today, in the increasingly competitive environment maintaining a highly motivated workforce is the most challenging task. Physical and Mental work pressures, work-life balances, task output, deadlines and target achievement add to the woes. This underlines the role of the HR manager to keep the staff motivated. The art of motivation starts by learning how to influence the behaviour of the retail employee. This understanding helps to achieve both, the individual as well as the organizational objectives. The concept of motivation is situational and its level varies between different individuals, at different times. Just imagine a circumstance where you as a customer come across a demotivated retail customer service employee. His/ her services may not motivate you to buy a particular product and you may tend to postpone the purchase decision or may not fulfil your entire purchase needs. On the contrary, a satisfied employee would be motivated himself to make you feel service contented. He/ she may further lead/ prompt you to buy more and perform additional servicing tasks like offering a shopping trolley or guiding you to other attractive buying options available in the store besides offering

customer care loyalty cards and retaining customer information with them. In this unit, you will learn the concept and various theories of motivation. You will also learn the role of retail manager in motivating the employees as well as the reward system.

8.2 MOTIVATION

Motivation is derived from the word 'motive'. A motive is an inner state that energizes, activates, or moves and directs or channels behaviour towards goals. It is an important factor which encourages persons to give their best performance and helps in achieving retail firm's overall goals. A strong positive motivation will boost the output of employees but a negative motivation will reduce their performance.

Motivation inspires people to work, individually or in groups such as to produce the best of results. It is the will to act by exerting a high level of effort towards the achievement of organizational goals, conditioned by smart and efficient working. To motivate others is the most important task of management. It comprises the abilities to communicate, to set an example, to challenge, to encourage, obtain feedback, to involve, to delegate, to develop and train, to inform, to brief and to provide a just reward. Motivation is perceived as an internal state of being, or an internal condition that activates one's behaviour, giving it direction. Motivation has also been understood as a desire or need which directs and energizes the behaviour towards a goal. By now, we have understood the physical challenges faced by the retail employee and the need of positivity and motivation to not only perform their tasks fully but also achieve the group tasks too. Let's discuss the significance of motivation for retail employees.

1. Motivation Prevents Negativity

In retail it is very important for the employees to be positive about their work, themselves, and the company they are working for. One of the main reasons is because having a positive mental attitude and staying motivated can actually change your brain chemistry. When you stay motivated, you train your brain to think positively, which in turn boosts happiness and reduces anxiety which is vital for employee performance.

2. Enhance Willpower

A motivated employee in retail is high in will power. When you are motivated to do something, it's much easier to follow through with it because there's nothing standing in your way – no internal conflicts or distractions from other tasks. Once motivation happens, focus naturally follows as well as discipline and willpower.

3. Boots the Energy Levels

Working in retail requires physical strength. Particularly for the floor staff reason being they need to attend customers by standing and not expected to sit on the floor. Motivation naturally boosts your energy levels because you're focused on one thing only – achieving your goal.

When you stay motivated, you feel energized to act and continue making progress towards success.

4. Enhance Self-Esteem & Confidence

Increase in confidence increases the self-esteem of the employees. And when self-esteem goes up, the employee feels happier and more motivated to achieve organizational goals. In other words, confidence is very much required to attend and convince the customers. When an employee attends the customer with confidence, build trust in them and induce the customer to buy more from the retailer.

5. Motivation Increases Your Chances for Success

A motivated employee is a very productive one According to multiple studies done on the subject (including Dr. Gail Matthews' study), people who are highly motivated are actually 33% more likely to achieve their goals than those who aren't. This is because motivation helps the retail employees to stay focused, productive, organized and committed towards achieving organizational goals.

6. Improves Decision-Making

The employees who are highly motivated to accomplish desired goals, it's quite easy to make better decisions in life. This is particularly true when it comes to making high stakes decisions or difficult choices that involve risk or uncertainty. Being motivated can help the employees in retail become a better decision maker.

7. Increases Your Productivity and Output

A motivated employee is self-driven and the managers and supervisors need not to drive them all the time. Employees who are motivated would like to deliver more than what is expected out of them. This tends to be more productive. Studies have shown that people who are motivated tend to complete tasks, finishing work on time and getting things done in general. In other words, motivation can help you supercharge your productivity levels.

8. Helps Prioritize Tasks

Multi-tasking is the output of motivation level among employees. In retail the nature of work is such that employees need to be a multi-tasker. To, be an effective multi-tasker employees should know how to prioritize their task. Therefore, motivation pushes the employee to be a good prioritize of work.

9. Motivation Helps Achieve Goals

In retail to achieve the desired goals one needs to prepare and execute long term and short-term plans. Motivated people can set goals that are achievable and realistic. They don't just set

random goals – they choose ones that will move the needle towards their main objective. And when they do this, they achieve those goals with ease.

10. Motivation Helps Achieve More in Less Time

A retail employee who is effective, can achieve his or goal within the stipulated time. But if he or she wants to achieve more in less time needs to become efficient. A highly motivated employee often outperforms those who aren't as motivated? The reason for this phenomenon is because motivation helps you become more productive, which then leads to greater output over time. All these we have already discussed in the above points. Being motivated can help employees become a better person when it comes to taking care of their responsibilities.

11. Gives A Sense of Accomplishment

Employees who succeed in their task and achieve the desired goal feel great sense of satisfaction. which makes them happier and enjoy their work. Success is directly related to motivation whereas demotivated employees find it very difficult to achieve the desired organization goals. Employees can know how much of an impact their work has on achieving success and accomplishing goals. This awareness applies extra pressure that boosts motivation further which, in turn, helps them achieve more with less effort!

12. Motivation Gives Creative Edge

Retail is a competitive industry, to sustain and take lead one needs to be creative means to do things differently. Only a highly motivated employee can do this. When employees stay motivated, it makes their brains work freely and generate new ideas quite easily. It makes doing the work to come up with new ideas much easier, which in turn makes coming up with creative solutions for problems that much simpler.

13. Improves Health

It is proven in one study that motivation can help boost an employee's immune system and reduce stress, which in turn will improve their overall health. When an employee is motivated, he or she feels better about themselves, which automatically reduces stress levels and helps the body stay healthy. Having a good attitude towards exercise and staying away from unhealthy habits give employees the motivation to live longer, healthier lives. This is the reason many multinational companies provide gyms and indoor games in the premise of the company so that the employees can keep themselves healthy and be more productive.

8.3   MOTIVATION THEORIES

Some of the most influential theories of motivation are as follow:

8.3.1   Need Hierarchy Theory

The needs theory was originated by Abraham Maslow and is popular as "Need Hierarchy Theory." This is one of the earliest and most popular models/theories of motivation. Maslow

considered several needs to explain human behaviour and proposed that these needs have a hierarchy, i.e., some needs are lower-order needs as compared to other higher-order needs. He also proposed that unless the need at the lower level is satisfied, the higher-order need will not be operative, and once the lower-order need is satisfied, it will no longer motivate the person. Maslow has proposed five main hierarchical levels of needs, as shown in Fig 8.1
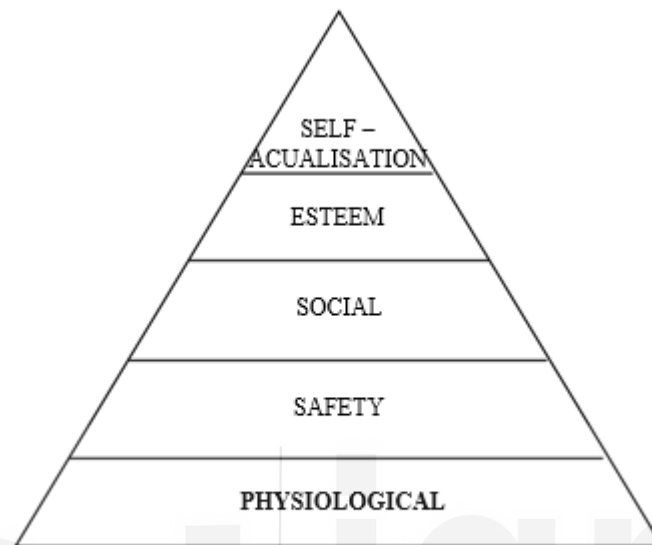
Fig 8.1: A. Maslow's need hierarchy

As per his theory, needs are:

Physiological Needs: These are important needs for sustaining human life. Food, water, warmth, shelter, sleep, medicine, and education are the basic physiological needs which fall in the primary list of need satisfaction. Maslow believed until these needs are satisfied to a degree to maintain life, no other motivating factors can work.

Security or Safety Needs: These are the needs to be free from the physical dangers such as the fear of losing a job, property, food, or shelter. It also includes protection against any emotional harm.

Social Needs: Since people are social beings, they look for social acceptance. People try to satisfy their social needs like affection, acceptance, and friendship.

Esteem Needs: According to Maslow, once people begin to satisfy their social needs, they want to be held in esteem both by themselves and by others. This kind of need produces such satisfaction as power, prestige, status, and self-confidence. It includes both internal esteem factors like self-respect, autonomy, achievements, and external esteem factors such as status, recognition, and attention.

Need for Self-Actualization: Maslow regards this as the highest need in his hierarchy. It is the drive to become what one can become; it includes growth, achieving one's potential and self-fulfilment. It is to maximize one is potential and to accomplish something.

Let us understand the practical aspect of this need hierarchy theory in the retail sales perspective with an example. A male customer aged about 35+ arrives in a retail store seeking

shirts. By appearance we understand that his physiological needs are already met. So, he may be looking for shirts for gifting purposes for his staff. So lower or introductory price shirts (Knighthood, Netplay etc.) may serve the purpose. For some executives and managers, the salesperson may offer him the shirts in superior aspect (Peter England, One stop, John Players etc.) while for the customer himself brands like Van Heusen, Louis Phillippe etc be offered.

8.3.2 McGregor's Theory X and Theory Y

Douglas McGregor proposed two different motivational theories which are popularly known as 'Theory X' and 'Theory Y'. Managers tend to believe one or the other and treat their employees accordingly.

Theory X and Theory Y are based on the following assumptions:

Assumptions of Theory X

- Most people dislike work and avoid it whenever possible.
- They need to be directed, controlled, and threatened with punishment in order to move them to work and achieve organizational goals.
- An average person is lazy, shuns responsibility, prefers to be directed, has little ambition, and is only concerned with his own security.
- Most people avoid leading and want to be led and supervised. They are unwilling to accept responsibility.

Here managers practice an autocratic management style and may use the threat of punishment to induce employee productivity.

Assumptions of Theory Y

- Work is natural to most people and they enjoy the physical and mental effort involved in working, like rest or play.
- Commitment to goals and objectives of the organization is also a natural state of behaviour for most individuals.
- They will exercise self-direction and self-control in pursuit and achievement of organizational goals.
- Commitment to goals and objectives is a function of rewards available, especially the rewards of appreciation and recognition.
- Many individuals seek leadership roles.

Managers who hold Theory Y assumptions treat their workers as responsible persons and give them more freedom in performing their tasks.

Retail employees use this theory to give their customers a reason to buy and not postpone their purchase decision for later. With the conditions and offers like "offer valid till stocks last" and time-based discount schemes, end of season sales etc makes the customer think from condition X to Y. So, a product available and liked but on lower need would seem attractive to the customer on lower price or discount or combined offer.

8.3.3 ERG Theory

The ERG need theory, developed by Clayton Alerter, is a refinement of Maslow's needs hierarchy. Instead of Maslow's five needs, ERG theory condenses these five needs into three needs. These three needs are those of Existence, Relatedness and Growth. The E, R and G are the initials for these needs, the descriptions of which are presented below.

Existence Needs: These needs are roughly comparable to the physiological and safety needs of Maslow's model and are satisfied primarily by material incentives.

Relatedness Needs: Relatedness needs roughly correspond to social and esteem needs in Maslow's hierarchy. These needs are satisfied by personal relationships and social interaction with others.

Growth Needs: These are the needs to develop and grow and reach the full potential that a person can reach. They are like Maslow's self-actualization needs.

In the retail context too, an employee seeks recognition, monetary and career growth. So it is important for a retail manager to understand the context and implications of ERG theory for the employees.

So far, we have discussed Maslow theory and ERG theory of motivation. Let us have a look at the similarities between these two theories.

Similarity between ERG Theory and Maslow's Theory of motivation

Maslow	ERG
Self-actualization	Growth
Self-esteem (upper level)	
Self-esteem (lower level)	Relatedness
Social	
Safety	Existence
Physiological	

Fig 8.2: Similarities between Maslow and ERG

ERG theory differs from Maslow's theory in proposing that people may be motivated by more than one kind of need at the same time.

8.3.4 Herzberg's Motivation – Hygiene Theory

Fredrick Herzberg and his associates developed the "Motivation Hygiene Theory," commonly known as the "Two Factor Theory". Herzberg advocated that there are certain factors that tend to be consistently related to job satisfaction and on the other hand, there are some factors, which are consistently related to job dissatisfaction. These two factors are described in detail as follows:

Hygiene Factors: Hygiene factors or the maintenance factors do not motivate people, they simply prevent dissatisfaction and maintain the status quo. Such factors do not produce positive results but prevent negative results. According to Herzberg maintenance or hygiene factors are:

- Company Policy & Administration
- Technical Supervision
- Interpersonal relations with Supervisor
- Interpersonal relations with peers
- Interpersonal relations with subordinates
- Salary
- Job security
- Personal life
- Working conditions
- Status

Motivational Factors: These factors are basically related to the job. The motivational factors have a positive effect on job satisfaction and often result in an increase in total output. Thus, these factors have a positive influence on morale, satisfaction, efficiency, and productivity. They are:

- Achievement
- Advancement
- Possibility of growth
- Recognition
- Work itself
- Responsibility

The theory suggests that any increase in these factors will improve the level of satisfaction.

You might able to able to correlate the above two factor theory in the retailing environments directly across the formats, let it be single brand stores, franchisee, multi-brand or even in the online retailing formats as well.

8.3.5 Mc Cleland's Theory of Needs

Harvard psychologist David McClelland used the Thematic Aptitude Test (TAT) to measure people in three dimensions: the need for power, achievement, and affiliation. Individuals with a high need for power take actions that affect other peoples' behaviour and arouse strong emotions in them. The need for power can be revealed in socially acceptable ways (demonstrating a socialized power orientation) or in selfish ways (a personalized power orientation).

Those with a strong need for achievement enjoy competition against some standard and unique accomplishment. High achievers like tasks that are neither simple (which anyone could do) or extremely difficult (where success depends more on luck than ability), but that challenge them to do their best.

People with a strong need for affiliation need to be liked and accepted. These individuals tend to establish, maintain, and restore closer personal relationships with others.

In the retailing aspect, such trait identification helps in segregating leaders from the masses. Such people are and should be recognised as assets. In the last two decades, the retailing industry has seen leaders like Sh. BS Nagesh, Sh. Govind, Kishore Biyani and many more, who have demonstrated these traits throughout.

Check Your Progress A

1.   Define the term 'motivation'. How is it important for a retail firm?

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2.   What is meant by physiological needs? How are they different from Safety needs?

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3.   Identify any two differences between Theory X and Theory Y from the retail context.

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4.   State any three assumptions of ERG Theory.

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5.   Identify any two similarities between Maslow Theory and ERG Theory.

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8.4   ESSENTIALS FOR MOTIVATION

By now we have understood that the 'Motivation' is a state of mind and it is continually playing an ever-increasing role in differentiating successful retail organisations from others. High motivation leads to high morale and greater employee productivity. A motivated employee gives his best to the organization by staying loyal and committed. A sound motivation system in any retail organization should have the following essentials:

●   Performance of the employee should be reasonably rewarded and should be duly acknowledged from time to time. Weekly store staff meetings should be used for such recognitions.

- If the performance is not consistently up to the mark, then the system must make provisions for penalties. The retail Standard Operating Procedures (SOPs) should provide for the same.

- The employees must be dealt in a fair and just manner. The grievances and obstacles faced by them must be dealt instantly and fairly. A strong feedback/ complaint/ grievance handling structure is a prerequisite.

- Performance appraisal system should be very effective. Moreover, the retail environments seek it to be more cohesive and transparent.

- Ensure flexibility in working arrangements. Retailing involves working in larger time frames so requires striking a right balance between the applicable labour laws and thereby resorting to shifts working.

- A sound motivation system must be correlated to organizational goals. Thus, the individual/employee goals must be harmonized with them. A cohesive culture develops the team spirit and thereby a customer centric approach.

- The motivational system must be modified to the situation and to the organization.

- The management approach should be participative. All the subordinates and employees should be involved in decision- making process.

- "Motivate yourself to motivate your employees" should be the managerial approach.

- The managers must understand and identify the motivators for each employee.

- The motivation system should involve monetary as well as non- monetary rewards. The monetary rewards should be correlated to performance

Performance should be based on the employees' action towards the goals, and not on the fame of employees.

8.5 ROLE OF MANAGER IN MOTIVATION

The key role of a manager is to hire self-motivated employees. Apart from this, the manager must create a positive motivational climate in which employees are willing to take full responsibility for their own motivation. We have already discussed that the retail environments seek simultaneous physical and mental efforts so it can become tiring, monotonous, and demotivating. Some innovative ways that a manager follows to motivate the employees are:

Get to Know Every Employee: It is virtually impossible for a manager to motivate his/her employees without getting to know them. Whenever starting a new job, all managers should make a point of having an individual meeting with each member of their staff. Similarly, if the manager does not know an employee's strengths, he will be unlikely to find the right role for them. These individual sessions are a great opportunity to encourage employees to contribute their ideas. Many retail organisations are introducing policies to involve employees' parents in their rewards and recognition programmes. On the contrary, the store management ensures

being a part of employees' families good and bad times. Birthday celebrations is one such activity.

Show Respect by Asking Employees for their Feedback: When management asks employees for feedback about their management style and practices, they communicate respect and concern. In such an atmosphere, employees are more likely to feel committed to their work and the Company. Just as smart Companies actively and continuously solicit feedback from their customers to find out how well they are meeting their needs. Novel customer centric, process enhancement and loss prevention ideas stand welcomed by the management.

Give Employees as much Control as Possible Over their Work: The more control and autonomy employees have over their work, the more they can use their minds. When employees have a say in their work, and therefore feel in control, they become more energized, enthusiastic, and productive. Intrapreneurship culture provides the opportunity to try and execute new ideas by the employees.

Challenge them to Improve the Operation: One way for managers to make it clear that they welcome input and suggestions is to give each employee a clear mandate in their work requirements and make recommendations for improvements. This sets down a marker that all employees are expected to contribute their ideas. It is equally important to comment on each employee's efforts in this area at evaluation time. For example, a cashier's speed and efficiency can become a benchmark for other cashiers.

Give Employees who Serve the Customer, the Power to Please the Customer: If frontline customer service professionals have the power to please the customer, the predominant tone of their interactions is one of appreciation and delighted surprise. This creates a sense of pride and well-being - the emotional foundation of world class customer service. It is witnessed, that the salesperson after concluding the sales lead the customer to the cashiering desk for ease of billing; he may further 'de-tag' to merchandise for faster billing and pack the merchandise for faster customer exit with a greeting smile.

The Great Idea Award: It is also important to find a way to reward or recognize employees whose suggestions help improve the operation. One option is to establish a Great Idea Award and give the recipient a customized certificate. Other options could be to give them a logo item, a cash award or even a day off (It will depend both on what the parent agency permits and what the employee values most).

Do Not Force Employees to Check their Brains at the Door: Few things kill the spirit more quickly than mind-numbing work. Give employees the opportunity to think on the job. Encourage them to improve the work processes. People who do the work usually have the best ideas about how to do it better. It makes work more enjoyable and interesting. Create processes and rewards that encourage them to find out what customers want and then deliver this critical information to key decision-makers. So, floor managers and department managers should ensure providing their employees with faster pricing calculations, staying polite and to the point, product knowledge, loyalty, or membership cards etc.

Don't Forget the Implementation: A crucial part of this whole equation is the actual implementation of the great ideas generated by employees. Managers should put the person who suggested a great idea in charge of the actual implementation. The initiator of an

innovative idea usually has a sense of ownership and is highly motivated to see their suggestion put into effect.

8.6   REWARD SYSTEM

In the previous section we have discussed the concept of motivation, theories of motivation and role of manager in motivating the employees. Now let us have a closer look at the next aspect of motivation i.e., reward. Rewards are incentives for the work performance of the employee and play an important role in employee motivation, which in-turn, stands critical for the success of the retail organization. It refers to procedures, rules, and standards associated with allocation of benefits and compensation to employees.

The reward system of a retailer should be capable of attracting the attention of employees and motivating them to work. The rewards system generally consists of monetary incentives and non-monetary incentives. The purpose of monetary incentives is to reward the employees for excellent job performance through money. Monetary incentives include profit sharing, project bonuses, stock options and warrants, scheduled bonuses (e.g., Christmas and performance-linked), and additional paid vacation time. Traditionally, these have helped maintain a positive motivational environment for employees. The purpose of non-monetary incentives is to reward the employees for excellent job performance through opportunities. Non-monetary incentives include flexible work hours, training, pleasant work environment, and personal growth opportunity .

The effectiveness of the system depends upon the combination of monetary and non-monetary reward. Monetary incentives usually encourage compliance and achievement of difficult targets instead of encouraging creativity, innovation and foresight which are more important in the long run. Thus, employees are not able to express their true talent and in the long run lose their creativity. In other words, employees are driven to do things just for the monetary reward. This can disrupt or terminate good relationships between employees because they are transformed from co-workers to competitors, which can quickly disrupt the workplace environment. Another problem with monetary incentive is that it is given to circumvent a bigger problem for a short run. Sales employees are given higher monetary incentives to compensate for poor management and poor products. Employees are paid more for working in a poor work environment. Monetary incentives can even drive the employees to falsely report their achievements. Huge monetary incentives given to middle managers are seen as a hook to retain them which may make them work counterproductively. Though the monetary incentives have a better effect than the non-monetary incentives in the short run, they may fail in the long run. Most of the non-monetary incentives are intrinsic in nature. Intrinsic motivation is more effective as the impetus to work is from within. Employees are working because they feel satisfied or fulfilled by the activity they undertake. Under these circumstances the management can be regarded as more of a support than control. So, managers should concentrate on balancing the monetary and non- monetary incentives. This will ensure a high motivational level of the employees which will get reflected in their better performance at work.

Below mentioned are the examples of rewards followed in the retail industry.

Monetary Rewards

1. **Incentives to Achieve Sales Targets:** This is very common in sales likewise in retail. Salespeople make extra efforts to achieve their sales target if the incentive scheme is realistic and achievable. This is a driving force for the retail employees to push themselves to achieve the given sales targets. They often take initiatives to achieve their targets. The sales incentives are given from the floor staff to the Md of the company in retail. But the percentage and criteria differ in terms of designation.

2. **Compensation to Work on Holidays Like Holi, Diwali, Dussehra, etc.:** Retail is a service industry which is required to open for 365 days specially during the public holidays. Due to the holy-day retailers receive more customers therefore all the employees are supposed to be present on the floor to attend to these customers and convert them for more sales. Most of the retail companies cancel the week-offs of the staff and call them to work. But Retailers provide a compensatory-off one other day along with one day extra pay to these employees who cancelled their week-offs and work on Holidays.

3. **Gift Vouchers on Birthday or Anniversary:** In India many retail companies follow this practice of giving gift vouchers or monetary rewards to celebrate the Birthday or Anniversary of an employee. This is a great source of motivation for the retail employees as this gives them a sense of importance and care.

4. **Overtime for Working Extra Time:** In retail stores there is a process of opening and closing of the store. According to this process a person scheduled either for opening or closing needs to come early or stay late then their official reporting timings. The retail companies compensate for this extra time by giving them some token of money, let's say Rs. 400,500,600 etc. for one opening or closing.

5. **Referral Bonus:** When an existing employee gives the reference for a new employee for any position, they get a bonus amount called "Referral bonus" after the confirmation of the new employee in the job.

Non-Monetary Rewards

1. **Extra PTO:** One may witness in retail that a particular employee is on off due to his birthday or anniversary or last time he worked a little extra. In retail Employees will appreciate more time off for a better work-life balance. Consider giving them a day off for their birthday or achieving a big target. Some retailers offer half day off for the birthday or anniversary. Not only does this improve employee morale, but employees also return to work refreshed and more productive.

2. **Flexible work Arrangements:** Flexibility around when and how your employees work is a great non-monetary incentive. This can include adjusting their work hours and schedule—for example, starting and finishing shifts later, or working longer days across a shorter work week. Like extra PTO, this helps employees maintain a better work-life balance.

3. **Public Recognition:** This is one of the most common ways of rewarding employees in retail Another non-monetary incentive is acknowledging employees' contributions or achievements such as in a staff meeting, in

Business review, or in Staff welfare program etc. This could be through an employee-of-the-month award, a profile in your company newsletter, a shoutout in a team-wide email, or a post on social media. Public recognition is a very convenient non-monetary incentive, as it takes just a few minutes to deliver.

4. **Professional Development Opportunities:** Everyone likes to grow in an organization. In-fact many employees join the retail industry to get career growth. Therefore, creating opportunity by the retailers or by their managers is a kind of non-monetary reward which influences them to perform better. For instance, a retailer could offer employees training or courses for upskilling, cross-skilling, or horizontal growth. In addition to rewarding employees, career development can be a powerful incentive for retaining your most talented workers. Employees will feel appreciated when employers invest in their professional growth.

5. **Fringe Benefits:** Fringe employee benefits are non-monetary rewards or extra perks you provide employees. Some employers provide access to free counselling services or allow personal use of a company vehicle. Incentives like these also increase job satisfaction and reduce absenteeism and turnover.

Check Your Progress B

1.   What are three essentials of motivation? Why is it important for retail employees?

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2.   Identify two roles of a store manager in motivating the employees.

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3.   What is meant by reward?

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4.   Distinguish between monetary rewards and non-monetary rewards.

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5.   Which of the following statements are True or False?

i)   The concept of motivation is situational and its level varies between different individuals, at different times.

ii)   The need hierarchy theory was originated by Abraham Maslow.

iii)   Most people dislike work and avoid it whenever possible is the assumption of theory Y of motivation.

iv)   As per ERG theory of motivation, three needs are those of Existence, Relatedness and Growth.

v)   Herzberg's Motivation – Hygiene Theory is also known as two factors theory.

8.7   LET US SUM UP

Motivation is defined as an inner state that activates, energizes, or moves behaviour towards goals. It is an effective and dynamic instrument in the hands of a manager for inspiring the workforce and creating confidence in them. The role of motivation is to develop and intensify the desire in every member of the organization to work effectively and efficiently in his position. Theories of motivation are: i) Maslow's Theory: It states that employees have five levels of needs. Physiological, safety, social, ego, and self- actualizing. Maslow argued that lower-level needs had to be satisfied before the next higher-level need would motivate employees. ii) Herzberg's Theory: It categorized motivation into two factors: motivators and hygiene. Motivator or intrinsic factors, such as achievement and recognition, produce job satisfaction. Hygiene or extrinsic factors, such as pay and job security, produce job dissatisfaction. iii) McClelland Theory of Needs: It states that certain people have an inner urge to succeed and do something different from others. Thus, employees possessing an inner desire to achieve derive satisfaction from achieving goals. iv) ERG Theory: It is based on the concept of existence needs, related needs and growth needs. According to this, all the three needs may operate simultaneously. v) McGregor's Theory: According to this theory X, the average employee is lazy, does not like to work, and will attempt to avoid having to work as much as possible. In contrast to theory X, theory Y assumes that working can be made as natural to people as play and rest. As such, people will motivate themselves to fulfil their work objectives, provided they commit to them, and they feel they will fulfil higher needs by achieving them.

The key role of a manager is to hire self-motivated employees. Apart from this, the manager must create a positive motivating, validating and empowering motivational climate in which employees are willing to take full responsibility for their own motivation.

Rewards may play an important role in employee motivation. Motivation of employees' is critical for the success of an organization. The reward system of an organization should be capable of attracting the attention of employees and motivating them to work. The rewards system generally consists of monetary incentives and nonmonetary incentives. The purpose of monetary incentives is to reward the employees for excellent job performance through money. Monetary incentives include profit sharing, project bonuses, stock options and warrants, scheduled bonuses (e.g., Christmas and performance-linked), and additional paid vacation time. Traditionally, these have helped maintain a positive motivational environment for employees. The purpose of non-monetary incentives is to reward the employees for excellent job performance through opportunities. Non-monetary incentives include: flexible work hours, training, pleasant work environment, and sabbaticals.

8.8   KEY WORDS

- **Ability**: A person's talent for performing goal related tasks.

- **Esteem-Needs**: They relate to self-confidence, independence, achievement, competence, initiatives, success, etc.

- **Extrinsic Motivation**: It refers to the incentives which are external to the job, such as salary, fringe benefits, etc.

- **Intrinsic Motivation:** It refers to incentives internal to the job and provides satisfaction during the performance of work itself.

- **Motivation:** The set of forces –acting on or within a person-that energize, direct, and sustain behaviour.

- **Monetary Rewards**: These occur when you are directly paid or compensated for doing something

- **Need:** A deficiency that a person experiences at a particular time.

- **Negative Motivation**: It refers to the process of influencing employees' behaviour through fear of losing a job or losing promotion.

- **Non-Monetary Rewards**: These include those rewards of good performance which are not monetary in nature. For example, a pat on the shoulder or encouragement by seniors at workplace.

- **Positive Motivation:** It refers to the process of influencing employees' behaviour through the possibility of reward.

- **Reward System**: Procedures, rules, and standards associated with allocation of benefits and compensation to employees.

- **Safety Needs**: These needs relate to job security, physical security, income security, etc.
- **Self-actualization**: The drive to become what one can become.

- **Social Needs**: These relate to the need for social incentive, relatedness, companionship, belongingness, etc.

- **Valence:** The value a person places on the rewards he expects to receive from the organization.

Answers to Check Your Progress

(B) 5) i) True ii) True iii) False iv) True v) True

8.9 TERMINAL QUESTIONS

1. Explain what is meant by the hierarchical nature of needs. Is this hierarchy rigid? Discuss with suitable examples.

2. Explain Herzberg's two factor theory and differentiate it from Maslow's theory.

3. Explain in detail the ERG Theory of Motivation.

4. State the essentials for an effective motivation system.

5. Discuss the role of a manager in motivating employees.

6. Explain the importance of the reward system in Retailing.

FURTHER READINGS

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2. **White, D.D. and D.A Bednar (1990)**, "Organizational Behavior-Understanding and Managing People at work Boston: Allyn and Becon.

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UNIT 9   PERFORMANCE APPRAISAL

Structure

9.0   OBJECTIVES

After studying this unit, you will be able to:

- Define the meaning of performance appraisal
- Identify the challenges of performance appraisal
- Discuss the objectives and importance of performance appraisal
- Explain the process of performance appraisal
- Describe the methods of performance appraisal

9.1   INTRODUCTION

Performance can be defined as "rate of doing work efficiently and effectively". It is also interpreted as the result of interrelationship between the efforts, ability and tasks (role) perceptions. Performance appraisal is the process of assessing these over a period of time. It is the process of obtaining, analysing and recording information about the relative worth of an employee. The focus of the performance appraisal is measuring and improving the actual performance of the employee and also the future potential of the employee. As we have already discussed, retailing is a capital intensive and labour-intensive industry which involves large time framed operations all days of the year. In turn, festival holidays require staff performance more due to more customer footfall. So, let's imagine a scenario where a store performs and the credit goes to everyone. Practically, a train may not comprise all engines and few employees may play the leadership roles while others may play bogies or supportive roles. To understand in a better perspective, the role of administration executive for repair, maintenance, security and housekeeping is important but his role may not be considered as integral. Also, all front-end sales employees can't be equally treated as few would have outperformed the others in sales achievement. Thus, with performance appraisal as tool, the management segregates "grains from the chaff"

In this unit, you will learn the concept, objectives, importance and process of performance appraisal. You will further learn the various methods of performance appraisal.

9.2 PERFORMANCE APPRAISAL

Performance Appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development. According to Flippo, "performance appraisal is the systematic, periodic and an impartial rating of an employee's excellence in the matters pertaining to the employee's present job and potential for a better job." Thus, Performance appraisal is a systematic way of reviewing and assessing the performance of an employee during a given period and planning for his future. Look at the figure 9.1 which shows the performance indicator of an individual.

Fig. 9.1: Shows a performance indicator

Performance appraisal is generally done in a systematic way which are as follows:

1. The supervisors measure the pay of employees and compare it with targets and plans.
2. The supervisor analyses the factors behind work performances of employees.
3. The employers are in position to guide the employees for a better performance.

In every organization all employees work to achieve the common goals and objectives of the organization. But all employees do not have the same capacities and qualities. The individuals' qualities differ from person to person. All are not equally efficient and able. But all must work together.

In order to keep their morale high, it is necessary to inform them, from time to time, about their own level of performance in the organization. This can be done by adopting a fair system of Performance Appraisal. Performance Appraisal helps to improve the organizational health, viability and growth through optimal utilisation of the human resources in the interest of the organization. Performance is needed to develop the potential of an employee to prepare him to accept more responsibilities of the higher post, which he aspires to through promotion. It helps not only in improving the viability and health of the organization but also pinpoints the shortcomings of an employee. By informing the shortcomings to the concerned persons, the

superior officer can secure better utilisation of services either through correction or position-change. Performance Appraisal is, thus, a very important activity of modern human resource management.

9.2.1 Significance of Performance Appraisal

It is said that performance appraisal is an investment for the company which can be justified by following significances:

1. **Promotion**: Performance Appraisal helps the supervisors to chalk out the promotion programmes for efficient employees. In this regard, inefficient workers can be penalized.
2. **Compensation:** Performance Appraisal helps in chalking out compensation packages for employees. Merit rating is possible through performance appraisal. Performance Appraisal tries to give worth to a performance. Compensation packages which include bonus, high salary rates, extra benefits, allowances and pre-requisites are dependent on performance appraisal.
3. **Employees Development**: The systematic procedure of performance appraisal helps the supervisors to frame training policies and programmes. It helps to analyse strengths and weaknesses of employees so that new jobs can be designed for efficient employees. It also helps in framing future development programmes.
4. **Selection Validation**: Performance Appraisal helps the supervisors to understand the validity and importance of the selection procedure. The supervisors realize the strengths and weaknesses of the selection procedure. Improvement in selection methods can be made in this regard.
5. **Motivation**: Performance appraisal serves as a motivation tool. Through evaluating performance of employees, a person's efficiency can be determined if the targets are achieved. This motivates a person for a better job and helps him to improve his performance in the future.

9.2.2 Objectives of Performance Appraisal

The main objective of the performance appraisal is to reward those who are working efficiently and honestly in the organization. At the same time, it also aims at eliminating those who are inefficient and unfit to carry out their responsibilities. It must be done almost continuously, so that no injustice is done to a deserving individual. It is, therefore, necessary to clearly define the organizational objectives, targets, and priorities. It is further necessary to define clearly the roles and responsibilities of the persons involved in the functioning of the organization.

Performance Appraisal can be done with following objectives in mind:

1. To maintain records in order to determine compensation packages, wage structure, salaries etc.
2. To identify the strengths and weaknesses of employees to place the right men on the right job.
3. To maintain and assess the potential of a person for further growth and development.
4. To provide feedback to employees regarding their performance and related status.
5. To provide feedback to employees regarding their performance and related status.
6. It serves as a basis for influencing the working habits of the employees.
7. To review and retain the promotional and other training programmes.

9.2.3 Performance Appraisal and Career Development

Performance appraisal is a part of career development. The latest mantra being followed by organizations across the world being – "get paid according to what you contribute". The focus of the organizations is turning to performance management and specifically to individual performance. Performance appraisal helps to rate the performance of the employees and evaluate their contribution towards the organizational goals. Performance appraisal as career development leads to the recognition of the work done by the employees, many a times by the means of rewards and appreciation etc. It plays the role of the link between the organization and the employees' personal career goals. Potential appraisal, a part of performance appraisal, helps to identify the hidden talents and potential of the individuals. Identifying these potential talents can help in preparing the individuals for higher responsibilities and positions in the future. The performance appraisal process is developmental in nature. Performance appraisal is also closely linked to other HR processes like helps to identify the training and development needs, promotions, demotions, changes in the compensation etc. Feedback communicated in a positive manner goes a long way to motivate the employees and helps to identify individual career development plans. Based on the evaluation, employees can develop their career goals, achieve new levels of competencies, and chart their career progression. Performance Appraisal encourages employees to reinforce their strengths and overcome their weaknesses.

9.2.4 Challenges of Performance Appraisal

An organization comes across various problems and challenges of performance appraisal in order to make a performance appraisal system effective and successful. The main performance appraisal challenges involved in the performance appraisal process are:

Determining the Evaluation Criteria: Identification of the appraisal criteria is one of the biggest problems faced by the top management. The performance data to be considered for evaluation should be carefully selected. For the purpose of evaluation, the criteria selected should be in quantifiable or measurable terms.

Create a Rating Instrument: The purpose of the performance appraisal process is to judge the performance of all the employees rather than the individual employee. The focus of the system should be on the development of the employees of the organization.

Lack of Competence: Top management should choose the raters or the evaluators carefully. They should have the required expertise and the knowledge to decide the criteria accurately. They should have the experience and the necessary training to carry out the appraisal process objectively.

Errors in Rating and Evaluation: Many errors based on the personal bias like stereotyping, halo effect (i.e.; one trait influencing the evaluator's rating for all other traits) etc. may creep in the appraisal process. Therefore, the evaluator should exercise objectivity and fairness in evaluating and rating the performance of the employees.

Resistance: The appraisal process may face resistance from the employees and the trade unions for the fear of negative ratings. Therefore, the employees should be communicated and clearly explained the purpose as well as the process of appraisal. The standards should be clearly communicated and every employee should be made aware of what exactly is expected from him/her.

Attrition: In retailing, employees are carried with their reputation and customer connections sometimes. So, employees seek faster salary hikes and vouch for the competitors on how

annually they recognise their employees. So, a disgruntled employee may leave seeking greener pastures elsewhere. This would again be a loss to the retailer as he may resort to negotiation or else seek a fresh replacement. The latter would require going through the entire recruitment process, induction, training and thereafter making him go productive. This requires considerable use of resources, efforts, time, and money.

9.3 PROCESS OF PERFORMANCE APPRAISAL

There are six steps in the process of performance appraisal which are as follow:
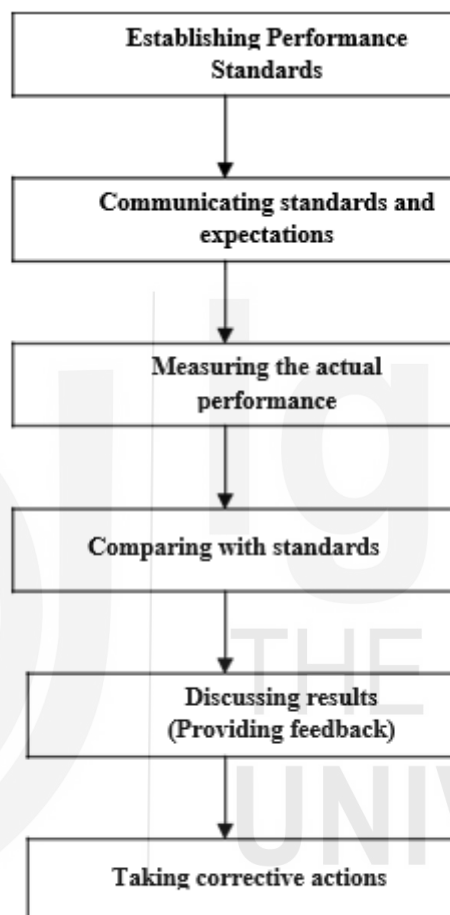
Fig.9.1: Steps in the performance appraisal process

Let us learn these steps in detail.

Establishing Performance Standards: The first step in the process of performance appraisal is the setting up of the standards which will be used to compare the actual performance of the employees against the standards set. This step requires setting the criteria to judge the performance of the employees as successful or unsuccessful and the degrees of their contribution to the organizational goals and objectives. The standards set should be clear, easily understandable, and measurable. In case the performance of the employee cannot be measured, great care should be taken to describe the standards.

Communicating the Standards: Once performance standards are set, it is the responsibility of the management to communicate the standards to all the employees of the organization. The employees should be informed and the standards should be clearly explained to the employees.

This will help them to understand their roles and to know what exactly is expected from them. The standards should also be communicated to the appraisers or the evaluators and if required, the standards can also be modified at this stage itself according to the relevant feedback from the employees or the evaluators.

Measuring the Actual Performance: The most difficult part of the Performance appraisal process is measuring the actual performance of the employees, that is, the work done by the employees during the specified period. It is a continuous process which involves monitoring the performance throughout the year. This stage requires careful selection of appropriate techniques of measurement. It should be taken care that personal bias does not affect the outcome of the process.

Comparing the Actual with the Desired Performance: The actual performance is compared with the desired or the standard performance. The comparison tells the deviations in the performance of the employees from the standards set. The result can show the actual performance being more than the desired performance. On the other hand, the actual performance may be less than the desired performance depicting a negative deviation in the organizational performance. This step includes recalling, evaluating and analysis of data related to the employees' performance.

Discussing Results: The result of the appraisal is communicated and discussed with the employees on a one-to-one basis. The focus of this discussion is on communication and listening. The results, the problems and the possible solutions are discussed with the aim of problem solving and reaching consensus. The feedback should be given with a positive attitude as this can influence the employees' future performance. The purpose of the meeting should be to solve the problems faced and motivate the employees to perform better.

Decision Making: The last step of the process is to make decisions which can be taken either to improve the performance of the employees, take the required corrective actions, or the related HR decisions like rewards, promotions, demotions, transfers etc.

Check Your Progress A

1.   Define performance appraisal.
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2.   Write any three objectives of performance appraisal.
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3.   Identify three significance of performance appraisal.
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4.	List out the steps in the performance appraisal process.

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5.	Write two challenges of performance appraisal.

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## 9.4	PERFORMANCE APPRAISAL METHODS

So far, we have discussed the concept, objectives, and significance of performance appraisal. Let us now discuss the methods of performance appraisal under two popular approaches that are available for performance appraisal. These are Traditional approach and Modern approach

### 9.4.1	Traditional Approach

This approach has been used as just a method for determining and justifying the salaries of the employees. It has been used as a tool for determining rewards and punishments for the past performance of the employees. This approach was a past oriented approach which focused only on the past performance of the employees i.e.; during a past specified period. This approach did not consider the developmental aspects of the employee performance i.e.; his training and development needs or career developmental possibilities. The primary concern of the traditional approach is to judge the performance of the organization by the past performances of its employees. Therefore, it is also called the overall approach. The following are some of the traditional performance appraisal methods that organizations may follow:

1.	**Essay Appraisal Method**: This traditional form of appraisal, also known as "Free Form method" involves a description of the performance of an employee by his/ her superior. The description is an evaluation of the performance of any individual based on the facts and often includes examples and evidence to support the information. A major drawback of the method is that it may suffer from the bias of the evaluator.

2.	**Straight Ranking Method**: This is one of the oldest and simplest techniques of performance appraisal. In this method, the appraiser ranks the employees from the best to the poorest based on their overall performance. It is quite useful for a comparative evaluation.

3.	**Paired Comparison Method:** In this method, comparison is made on each employee with all others in the group. Based on the overall comparisons, the employees are given the final rankings.

4.	**Critical Incidents Methods**: In this method, the evaluator rates the employee based on critical events and how the employee behaved during those incidents. It includes both negative and positive points. The drawback of this method is that the supervisor must note down the critical incidents and the employee behaviour as and when they occur.

5. **Field Review Method**: In this method, a senior member of the HR department or a training officer discusses and interviews the supervisors to evaluate and rate their respective subordinates. A major drawback of this method is that it is a very time-consuming method. This method helps to reduce the superiors' personal bias.

6. **Checklist Method:** The evaluator is given a checklist of the descriptions of the behaviour of the employees on the job. The checklist contains a list of statements based on which the evaluator describes the job performance of the employees.

7. **Graphical Rating Scale Method**: In this method, an employee's quality and quantity of work is assessed in a graphic scale indicating different degrees of a particular trait. The factors taken into consideration include both the personal characteristics and characteristics related to the on-the-job performance of the employees. For example, a trait like Job Knowledge may be judged on the range of average, above average, outstanding, or unsatisfactory.

8. **Rating Scales Method**: Rating scales consist of several numerical scales representing job related performance criteria such as dependability, initiative, output, attendance, attitude, etc. Each scale ranges from excellent to poor. The total numerical score is compared and final conclusions are derived. Advantages of rating scales are: adaptability, ease to use, low cost, every type of job can be evaluated and final conclusions can be derived, no formal training is required. However, the evaluator's bias is considered as the major disadvantage of this method.

9.4.2 Modern Approach

The modern approach to performance development has made the performance appraisal process more formal and structured. It includes a feedback-process that helps to strengthen the relationships between superiors and subordinates and improve communication throughout the organization. It is a future oriented approach and is developmental in nature. This recognizes employees as individuals and focuses on their development. The following are some of the modern performance appraisal methods that organizations may follow:

1. **Assessment Centres**: An assessment centre typically involves the use of methods like social/informal events, tests and exercises, assignments being given to a group of employees, to assess their competencies to take higher responsibilities in the future. Generally, employees are given an assignment like the job they would be expected to perform if promoted. The trained evaluators observe and evaluate employees as they perform the assigned jobs and are evaluated on job related characteristics. The major competencies that are judged in assessment centres are interpersonal skills, intellectual capability, planning and organizing capabilities, motivation, career orientation etc. Assessment centres are also an effective way to determine the training and development needs of the targeted employees

2. **Human Resource Accounting Method**: Human resources are valuable assets for every organization. Human resource accounting method tries to find the relative worth of these assets in terms of money. In this method the Performance appraisal of the employees is judged in terms of cost and contribution of the employees. The cost of employees includes all the expenses incurred on them like their compensation, recruitment and selection costs, induction, and training costs etc. whereas their contribution includes the total value added (in monetary terms). The difference between the cost and the contribution will be the performance of the

employees. Ideally, the contribution of the employees should be greater than the cost incurred on them

3. **Management by Objectives (MBO):** MBO can be described as a process whereby the employees and the superiors come together to identify common goals. The employees set their goals to be achieved, the standards to be taken as the criteria for measurement of their performance and contribution and deciding the course of action to be followed.

    The essence of MBO is participative goal setting, choosing course of actions and decision making. An important part of the MBO is the measurement and the comparison of the employee's actual performance with the standards set. Ideally, when employees themselves have been involved with the goal setting and choosing the course of action to be followed by them, they are more likely to full-fill their responsibilities.

4. **Balance Score Card:** The Balanced scorecard – an approach given by Kaplan and Norton provides a framework of various measures to ensure the complete and balanced view of the performance of the employees. Balanced scorecard focuses on the measures that drive performance. The balanced scorecard provides a list of measures that balance the organization's internal and process measures with results, achievements, and financial measures.

5. **360 Degree Feedback Appraisal:** It is also known as 'multi-evaluator's feedback', is the most comprehensive appraisal where the feedback about the employees' performance comes from all the sources that meet the employee on his job. 360-degree respondents for an employee can be his/her peers, managers (i.e.; superior), subordinates, team members, customers, suppliers/ vendors. Anyone who meets the employee and can provide valuable insights and information or feedback regarding the "on-the-job" performance. The 360-degree appraisal has four integral components: Self appraisal, Superior's appraisal, Subordinates' appraisal, and Peer's appraisal.

6. **Bell Curve:** Resembling a normal distribution curve, it is shaped as a bell only, hence the name. This curve had seen increased acceptance with retailers though did not get much favourably accepted by the employees. This appraisal system identifies and categorises the employees as 20% as top performers while 70% attribute to the average performing employees while the remaining 10% are the ones who are at the bottom and advised for a performance improvement plan (PIP), demoted, or may even be separated.

Some organisations have also implemented a Key Result Area (KRA) based appraisal system where the annual retail targets are decided and broken down with the retail employees at the beginning of the year. These KRAs are reviewed periodically and a re-allotment of resources or modification in strategy is adopted. Based on the results achieved at the end of the year the performance appraisal is accomplished.

Self-appraisal gives a chance to the employee to look at his/her strengths and weaknesses, his achievements, and judge his own performance. Superior's appraisal forms the traditional part of the 360-degree performance appraisal where the employees' responsibilities and actual performance is rated by the superior. Subordinates' appraisal gives a chance to judge the employee on the parameters like communication and motivating abilities, superior's ability to

delegate the work, leadership qualities etc. The correct feedback given by peers can help to find employees' abilities to work in a team, co-operation, and sensitivity towards others.

Check Your Progress B

1. What do you mean by Field Review Method of performance appraisal?

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2. What is the Rating Scale Method?

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3. Define Management by Objective.

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4. What is a Balance Score Card?

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5. Which of the following statements are True or False?

    i.   Performance Appraisal is defined as a product of ability & motivation.
    ii. Aim of Performance Appraisal is to measure what an employee does and what not.
    iii. Performance appraisal is not a part of Career Development.
    iv. According to the Checklist Method the evaluator is not given a checklist of the descriptions of the behaviour of the employees on job.
    v.   Self-appraisal gives a chance to the employee to look at his/her strengths and weaknesses, his achievements, and judge his own performance.

9.5 LET US SUM UP

Performance Appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development. It also assesses the potential of candidates for further development. The main objective of the performance appraisal is to reward those who are working efficiently and honestly in the organization. At the same time, it also aims at eliminating those who are inefficient and unfit to carry out their

responsibilities. The system of performance appraisal is useful to the organizations not only to identify and rate employees on performance levels but also to allocate human resources optimally and efficiently and develop the desired competencies in them. An organization comes across various problems and challenges of performance appraisal in order to make a performance appraisal system effective and successful. The main performance appraisal challenges involved in the performance appraisal process are: Determining the Evaluation Criteria, Create a Rating Instrument, Lack of Competence, Errors in Rating and Evaluation and Resistance. There are six steps in the process of performance appraisal which are: Establishing Performance Standards, Communicating the Standards, Measuring the Actual Performance, Comparing the Actual with the Desired Performance, Discussing Results and Decision Making. Methods of performance appraisal have been discussed under traditional approach and modern approach. Methods under the traditional approach are: Essay Appraisal Method, Straight Ranking Method, Paired Comparison Method, Critical Incidents Methods, Field Review Method, Checklist Method, Graphical Rating Scale Method, and Rating Scales Method. Methods under the modern approach are: Assessment Centres, Human Resource Accounting Method, Management by Objectives (MBO), Balanced Scorecard and 360 Degree Feedback Appraisal.

9.6   KEY WORDS

Peers: Persons or colleagues who have equal standing with another or others in terms of rank, designation, or age.

Ranking: A relationship between a set of items such that, for any two items, the first is either 'ranked higher than 'ranked lower than' or 'ranked equal to' the second.

Rating: is a systematic estimation of the degree of some attribute based on a numerical or descriptive continuum.

Assessment Centre: A comprehensive standardized procedure in which multiple assessment techniques are used to evaluate individual employees for a variety of manpower decisions.

Balanced Scorecard: Measures employee performance by making balance with organization internal processes and measures the results achieved.

MBO: Involves setting specific measurable goals with each employee and then periodically reviewing the progress made.

Answers to Check Your Progress

(B) 5) i) True ii) True iii) False iv) False v) True

9.7   TERMINAL QUESTIONS

1.   Explain the importance of performance appraisal in human resource management.

2.   Discuss modern methods of performance appraisal.

3.   How can a manager make a choice of performance appraisal system?

4.   Explain the essentials of a performance appraisal system in a Retail Organization.

FURTHER READINGS

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UNIT 10   EMPLOYEE GRIEVANCE AND DISCIPLINE

Structure

10.0 OBJECTIVES

After studying this unit, you should be able to:

- Define the term grievance
- Discuss the grievance handling procedure
- Identify the essentials of a sound grievance procedure
- Make distinction between discipline and indiscipline
- Describe the disciplinary action procedure
- Explain the term employee exit and exit interview

10.1 INTRODUCTION

As we have understood in the previous units also that the retail evolution is steep with multi-fold transformations witnessed in a variety of retailing formats as well as related tasks. It has become more intensive with the roles of the sales person moving from mere servicing to selling, Customer relationship management and more to a brand ambassador. The job demands for more physical and mental toughness. It seeks a cohesive approach from other departments namely SCM, admin, customer service desk, cashiering, VM and marketing as well. All this makes the retail employee expect reward, recognition and increments from the employer retailer. On the other hand, the retail organisation, like any other firm, has its own constraints to work and try to match the retail employees' expectations. Since the employee expectations are open-ended, he may feel discontented/ dissatisfied or disseminated as he feels the hike given is not matching to the level of efforts S/he have put for the retailer. This imbalance or the unfair treatment feeling is said to be a 'grievance'. Such grievances when not properly addressed by the Management, leads to indiscipline which ultimately affects the efficiency of the employees and productivity of the front end as well as back-end retail operations of the company.

So, a professionally governed HR department of a retailer has a pre-defined mechanism to handle such disciplinary and grievances through a drafted procedure with a clear and

transparent framework to deal with such difficulties which may arise as part of a working relationship from either the employer's or employee's perspective. In this unit, you will learn about grievance handling procedures and disciplinary action procedures. You will further learn about the concept of employee exit and exit interview.

10.2 GRIEVANCE

It is a widely witnessed fact that any retail employee may get dissatisfied for a variety of reasons such as reporting manager's attitude, Company policy, working conditions, behaviour of colleagues, leave structures, work or shift timings, workloads to name a few. It was observed that earlier the retail HR exhibited tendencies to ignore or suppress the grievances which undoubtedly was a wrong practice as suppressing grievances for long would escalate the problem rather than resolving it. "Grievance is any dissatisfaction or feeling of injustice in connection with one's employment situation that is brought to the attention of management. It is any discontent or dissatisfaction whether expressed or not, whether valid or not, arising out of anything connected with the retailer that an employee thinks, believes or even feels, is unfair, unjust or inequitable". Grievance becomes a complaint if not resolved or attended to. Majority of complaints are due to unresolved Grievances. Hence Grievance handling is a more important part of HRM to minimize, if not completely eradicate the complaints. The National Commission on Labour Observed that "Complaints affecting one or more individual workers in respect of their wage payments, overtime, leave, transfer promotion, seniority, and work assignment and discharges constitute Grievances".

Causes of Grievance

To cure a grievance efficiently retail HR must find and analyse the cause of grievance. A genuine grievance demands for an immediate corrective action. The steps taken should be in accordance with the ones defined in the Standard Operating Procedure (SOP) Manual, and that also in the least time. Handling grievances demands correct diagnosis. The manager may realize the existence of grievances because of high turnover, high rate of absenteeism and poor quality of work. These problems will go on multiplying if the causes of grievances are not corrected.

The causes of grievances may be broadly classified into the following categories:

(1)   Grievances resulting from working conditions

      i.   Improper matching of the worker with the job.
      ii. Changes in schedules or procedures.
      iii. Non-availability of proper tools, machines and equipment for doing the job.
      iv. Unreasonably high-performance standards.
      v. Poor working conditions.
      vi. Bad employer – employee relationship, etc.

(2)   Grievances resulting from management policy

      (i)   Wage payment and job rates.
      (ii)   Leave.
      (iii)   Overtime.
      (iv)   Seniority and Promotion.

       (v)   Transfer.

       (vi)   Disciplinary action.

(3)   Grievances resulting from personal reasons

       (i)   Over – ambition.

       (ii)   Excessive self-esteem.

       (iii)   Impractical attitude to life etc.

10.3 GRIEVANCE HANDLING PROCEDURE

We have understood that the retail HR manager plays a crucial job as front-end retail operation tasks are physically and mentally challenging demanding longer hours of services. Besides, more work pressures in retailing environments, especially on weekends and holidays may lead to a disturbed work life balance leading to demotivation, resulting in poor sales. Thus, it reiterates the role of the HR manager and the significance of SOPs. The grievance handling procedure can positively or adversely affect the harmonious environment of the retailer. HR Managers must stand aware of the importance of the grievance process and their role in maintaining favourable relations with the employees' Union. Effective grievance handling is an essential part of cultivating good employee relations and maintaining a fair, successful, and productive work environment. The procedure should be flexible enough to meet the retailer's working requirements. It should be simple so that an average employee is able to understand it.as it encompasses the following principles:

i)   **A Grievance Should be Dealt within the First Instance at the Lowest Level:** Dealing a grievance in the first instance at the lowest level is possible when an employee raises grievance with the immediate superior. It will help to settle the grievance on the spot and that will be the end of it. Say a front-end sales executive may be witnessing delayed support in flow of merchandise from warehouse to the shop floor from morning to afternoon hours. So, the matter escalated to the team leader who can immediately iron out the issues.

ii)   **It Must be Made Clear to the Employee what Line of Appeal is Available:** If the aggrieved employee is not satisfied with reasons of the immediate superior, the employee should know the next higher authority to which the grievance can be reported. Say in our earlier example, if the same problem persists from the warehouse the matter escalates to the department/ floor manager whose intervention would close the matter.

iii)   **Grievance Should be Resolved Speedily**: Since delay causes frustration, it is essential to deal with the grievances as speedily as possible. The delayed flow of merchandise from the warehouse may frustrate the employee as his inventory opening stock count gets delayed; his time is wasted in the morning as he awaits merchandise; the customer conversion gets impacted for lower stock replenishments; the delayed arrival of merchandise by afternoon, may make him prioritize merchandise stocking on the shelves and not able to devote to customer requirements again causing loss of sales which further may lead to low incentives and demotivation again.

iv) **The Grievance Procedure Should be Set Up with the Participation of the Employees:** In the finalization of grievance procedure, employees' participation needs to be ensured. The grievance procedure so finalized should be applicable to all in the Organization. The policies and rules regarding grievances should be laid down after taking inputs from the employees. Store meetings are a way where such communication opportunities are provided to fasten up the retail sales processes and resolving issues.

Steps in Grievance Handling Procedure are i) identify the grievance and acknowledge the same, ii) listen carefully to the complainant, iii) define the grievance clearly, iv) gather the complete information with facts and figures, v) analyse and search for multiple solutions to the grievance and finally select the best feasible and possible solution and implement the same, vi) ensure that there is follow-up at each stage for successful grievance procedure

10.3.1 Model Grievance Procedure

The code of the Discipline adopted by the Indian Labour Conference in 1957 laid down that the management and unions should establish, upon a mutually agreed basis, grievance procedure which would ensure a speedy and full investigation leading to a settlement. At present the Model grievance procedure in India provides for five successive time bound steps, each leading to the next in case the aggrieved employee prefers an appeal. These steps are:

1) An arrived employee shall first present his grievance verbally in person to the officer designated by the management for this purpose. The response shall be given by the officer within 48 hours of the presentation of the complaint. If the worker is not satisfied with the decision of the officer or fails to receive the answer within 48 hours, he will either in person or accompanied by departmental head, present his grievance to the head of the department.

ii) The head of the department shall give his answer within 3 days or if action cannot be taken within this period, the reason for delay should be recorded. If the worker is dissatisfied with the decision of the department head, he may request that his grievance be forwarded to the Grievance Committee.

iii) The Grievance Committee shall make its recommendation to the manager within 7 days if the workers request. If a decision cannot be given within this period, reason should be recorded. Unanimous decision of the committee shall be implemented by the management. If there are differences of opinion among the members of the committee, the matter shall be referred to the manager along with the views of the members and the relevant papers for final decision.

(iv) In either case, the final decision of the manager shall be communicated to the employee within three days from the receipt of the Grievance Committee's recommendations.

(v) If the worker is not satisfied even with the final decision of the manager, he may have the right to appeal to the manager for revision. In making this appeal he may take a union official with him to facilitate discussion with the management. The management will communicate the decision within 7 days of the workman's revision petition.

(vi) If the worker is still not satisfied, the matter may be referred to voluntary arbitration.

(vii) Where a worker has taken a grievance for redressal under the grievance procedure the formal conciliation machinery shall not interview till all steps in the procedure have exhausted. A grievance shall be presumed to assume the form of a dispute only when the final decision of top management is turned down by the worker. The Grievance Committee shall consist of 4 to 6 members.

10.3.2 Essentials of a Sound Grievance Procedure

A sound grievance procedure should incorporate the following features:

1. **Legal Sanctity**: The procedure should be designed in conformity with the existing statutory provisions. Where practicable the procedure can make use of such machinery as the law might have already provided for.

2. **Acceptability**: The grievance procedure must be acceptable to all and should, therefore, be developed with mutual consultation among management, workers, and union. In order to be generally acceptable, the procedure must ensure a sense of fair play and justice to workers and reasonable participation of the union.

3. **Simplicity:** Simplicity in the procedure should be ensured. For that purpose, the following issues should be taken care of:

    ● The procedure should be simple enough to be understood by every employee.

    ● Channels for handling grievances should be carefully developed.

    ● Employees must know the authorities to be contacted at various levels.

    ● Information about the procedure should be communicated to all employees.

4. **Promptness:** The grievance procedure must aim at speedy redressal of grievances. This can be ensured by incorporating the following feature in the procedure:

    ● as far as possible, grievances should be settled at the lowest level

    ● normally there should be only one appeal.

    ● different types of grievances may be referred to appropriate authorities.

    ● A time limit should be prescribed at each step and it should be rigidly followed at each level.

5. **Training**: In order to ensure effective working of the grievance procedure, it is necessary that supervisors and the union representatives should be given training in grievance handling. All the policies should be conveyed to the concerned parties.

6. **Follow-up**: The personnel department should review the working of the grievance procedure periodically and necessary changes should be introduced to make it more effective. A regular follow up of the system increases the faith of the people in the system.

Practically, a third-party mediation like a trade union should not come if the retailer's approach for an employee centric grievance handling mechanism exists. The flow of communication between the management and staff should be frequent and trustworthy to improve productivity.

Check Your Progress A

1.   What is meant by grievance? Why is it important to resolve it?

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2.   Mention any three causes of grievance in retail environments.

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3.   List out the three essentials of a sound grievance procedure. How is it correlated with the Standard operating procedure manual in the retail store?

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4.   What do you mean by Model Grievance Procedure?

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5.   Identify the steps in the Grievance handling procedure.

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10.4 DISCIPLINE

So far, we have discussed the definition of grievance, its causes, grievance handling procedure and essentials of sound grievance procedure. Let us now discuss the other aspects of this unit which includes- Discipline, Indiscipline and disciplinary action procedure which bears equal significance to the human resource management.

Discipline is the regulation and modulation of human activities to produce a controlled performance. It is the orderly conduct of affairs by the members of an organisation who adhere to its necessary regulations because they desire to cooperate harmoniously. It is to encourage employees to establish standards of job performance and to behave sensibly and safely at the workplace. According to Richard D. Calhoon, "Discipline is the force that prompts individuals or groups to observe rules, regulations, standards and procedures deemed necessary for an organization." Therefore, discipline means securing consistent behaviour in accordance with the accepted norms of behaviour. The main objective of discipline is to gain willing acceptance of the rules, regulations, standards, and procedures of the organization from the employees and

to develop a sense of tolerance and respect for human dignity. Discipline is broadly of two types:

- **Negative Discipline**: It is the traditional aspect of discipline and is identified with ensuring that subordinates adhere strictly to rules and regulation. The objective is to ensure that employees do not violate the rules and regulations. It involves fines, demotion, disciplinary action, layoff, and transfer, etc.
- **Positive Discipline**: In this type of discipline subordinates comply with the rules. Positive discipline can be achieved through rewards and effective leadership. The emphasis here is on cooperative efforts to secure compliance to organizational norms. This approach to discipline will help the employees to achieve both their individual needs and organizational goals. It reduces the need for personal supervision required to maintain standards. It would, therefore, motivate subordinates to work with zeal and fulfil their needs.

Indiscipline:

Indiscipline refers to the absence of discipline. Indiscipline, therefore, means non-conformity to formal and informal rules and regulations. We cannot afford indiscipline as it affects the morale, involvement, and motivation of subordinates in the organisation. Indiscipline often leads to chaos, confusion, and reduces the efficiency of the organisation. It often leads to strikes, go-slows, and absenteeism, resulting in loss of production, profits, and wages.

The common causes of indiscipline are: wage discrimination, non-compliance with promotional policies and transfer policies, discrimination in allotment of work, defective handling of grievances, payment of low wages, delay in payment of wages, creating low quality work life etc. These unfair management practices gradually result in indiscipline.

Retail environments involve people from varied cultures, characteristics, ideologies, behavioural attributes, and tolerances etc. So there exists a possibility of unsolicited exhibited employee behaviour which may even spread in the retail environments too. So, a continued employee dialogue holds the key.

10.5 PRINCIPLES AND PROCEDURE FOR DISCIPLINARY ACTION

Despite best efforts, acts of indiscipline occur and it becomes necessary to take disciplinary action. While taking disciplinary action the following principles of natural justice should be followed:

- Disciplinary procedures apply to all staff and will be applied in a non-discriminatory manner
- No action other than suspension where necessary will be taken until the allegations have been fully investigated.
- It is important to ensure national labour law and best practice is followed.

- The staff member will be advised in writing of the nature of the complaint and the possible sanctions.
- He/she will be given the opportunity to state his/her case before any decision regarding disciplinary action is made.
- At all stages the staff member will have the right to be accompanied by a work colleague or Trade Union representative.
- No staff member will be dismissed for a first breach of discipline except in the case of gross misconduct.
- The staff member will have the right to appeal misconduct and gross misconduct in accordance with the appeals procedure
- There should be transparency in framing and executing such procedures. The sentiments are respected like worship breaks, gender equality etc.

The main purpose of the disciplinary process is to encourage a staff member, whose standard of work or conduct is unsatisfactory, to improve. The aim is to ensure fair and consistent treatment for all.

1. **Issue of Charge Sheet**: Management issues a charge sheet to the employee after the prima facie case of misconduct is established. Charge sheet is merely a notice of the charge and provides the employee an opportunity to explain his/her conduct. Charge sheet is generally known as a show cause notice. The charge-sheeted employee is expected to show the reasons for such conduct of behaviour. Each charge should be clearly specified in the charge sheet. There should be a separate charge for each allegation.

2. **Consideration of Explanation**: The explanation of the charge sheeted employee should be considered. If it is found satisfactory, no disciplinary action needs to be taken. On the contrary, when the management is not satisfied with the employee's explanation, the management may initiate a full-fledged enquiry.

3. **Suspension Pending Enquiry:** If the charge is major and serious, a suspension order may be served on the employee along with the charge sheet. According to the Industrial Employment (Standing Order) Act, 1946, the suspended worker is to be paid a subsistence allowance equal to one-half of his wages for the first ninety days of suspension. The three-fourths of wages for the remaining period of suspension is paid if the delay in the completion of disciplinary proceedings is not due to the worker's conduct. In accordance with the Code of Discipline, the management decides whether the charge is grave or serious.

4. **Holding of Enquiry:** An enquiry officer should be appointed to hold the enquiry. The concerned employee will be served notice to this effect. The employee should not be denied the chance of explaining his / her point of view on the issue. The enquiry officer should give sufficient advance notice to the employee to provide an opportunity to prepare and present the case and make submission in his /her defence. The enquiry officer should proceed in a proper manner and examine witnesses. Fair opportunity should be given to the employee to cross-examine the management witnesses.

5. **On the Conclusion of the Enquiry:** The enquiry officer should record the findings and the reasons thereof. The enquiry officer should refrain from recommending punishment and leave it to the decision of the appropriate authority.

6. **Order of Punishment**: Disciplinary action can be taken when the misconduct of the employee is proved. While deciding the nature of disciplinary action, the employee's previous record and precedents, etc, should be considered. When the employee reports that the enquiry conducted was not proper and the action taken was unjustified, the employee must be given a chance to make an appeal.

10.6 EMPLOYEE EXIT

In the previous section we have studied about different concepts like discipline, indiscipline, and disciplinary action procedure. Now let us learn about employee exit.

A person joins a retail organization to achieve his/ her career goals. While performing various jobs in the retail setup, the employee gains learning experience and develops skills and abilities over the years. All employees may not like to continue longer years for a retailer. They may prefer leaving the retailer for better pay and benefits, better experience, and for a better career. In some occasions the management of the company may ask the employee to exit from the organization, may be due to indiscipline, superannuation, policy of downsizing employment and so on. In Covid-19 scenario, we have witnessed an increased number of such exits as well as retrenchments.

There may be many causes of employee exit. These causes can be classified into two categories: avoidable causes and non-avoidable causes. A brief account of each is given below.

Avoidable Causes: Avoidable causes can be on personal reasons like incompatibility with peers or superiors, lack of interest or aptitude of the given job, perceived fears and apprehensions about one's own career prospects, change of technology, change of product mix, production volume, poor working conditions, etc.

Non-avoidable Causes: Employee's preferences or incompetence or poor health could be considered as unavoidable causes.

Types of Employee Exit

Employee exit takes place in many ways. The following are the ways followed in business organizations.

Resignation: Resignation refers to the termination of employment at the instance of the employees. This is a manner of separation taken up by the employee.

Retirement: Organizations generally have clear-cut rules for retirement. Employees retire from services as per the rules laid down in the organizations. Retirement is generally connected with age. Employees retire on attainment of superannuation.

Dismissal: Dismissal is the termination of services as a punishment for some major offences done by the employee. Such punishment is awarded through a judicial or quasi-judicial process. Ample opportunity is given to the accused employee to defend himself, call witnesses in defending his case, etc.

Discharge: Discharge is permanent separation of an employee from payroll. The reasons for discharge may be personal or organizational. The personal reasons, such as incompetence,

indiscipline, and poor health etc. and organizational reasons such as reduction in volume of business, technological obsolescence, etc., may lead to the discharge of an employee.

Downsizing: Downsizing means reducing the number of employees in an organization. It refers to the process of reducing the number of employees on the operating payroll by way of terminations, retirements, or spin-offs.

Exit Interview

An exit interview is typically a meeting between at least one representative from a company's human resources (HR) department and a departing employee. (The departing employee usually has voluntarily resigned vs. getting laid off or fired.) The HR representative might ask the employee questions while taking notes, ask the employee to complete a questionnaire, or both. Exit interviews are widely used methods to collect feedback from employees leaving the Organization. Such employees are expected to reveal true feelings, opinions, and facts as there is no psychological pressure on them. It provides vital clues to sense emerging problems and facilities and take preventive measures. The management can take measures to reduce employee turnover based on the feedback from exit interviews.

It is important for the HR manager to ensure that retail environments in the company as well as the store flourish and continually evolve to set high performance standards. Benchmarking of standard best practices, employee connect, reward and recognition programme are all prerequisites. A leaving employee carries no fear or pressures so he/ she may share honest opinion/ inputs for developing a sound work culture in the retail organisation.

Check Your Progress B

1. What do you mean by the term 'Discipline"? Why is it important?

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2. What is meant by Indiscipline? What are its causes?

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3. Define the term "Employee Exit'. How can it be avoided?

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4. What is 'Exit Interview'? What are its advantages?

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5. Which of the following statements are True or False?

    i.   When grievances are not addressed by the Management, it leads to indiscipline.
    ii. Poor working conditions do not lead to grievance.
    iii. The main objective of discipline is to gain willing acceptance of the rules, regulations, standards, and procedures of the organization from the employees.
    iv. "Exit interviews" are widely used methods to collect feedback from employees leaving the Organization.
    v.   Disciplinary procedure applies to lower staff people only.

10.7 LET US SUM UP

In every organization, employees do get dissatisfied with various aspects of working which may be with the attitude of the manager, policy of the Company, working conditions, or behaviour of colleagues. When an employee feels that something is unfair in the organization, he/ he is said to have a grievance. When grievances are not addressed by the Management, it leads to indiscipline which ultimately affects the efficiency of the employees and productivity of the organization. Grievance procedures provide a clear and transparent framework to deal with difficulties which may arise as part of a working relationship from either the employer's or employee's perspective. Model grievance procedure in India provides for five successive time bound steps, each leading to the next in case the aggrieved employee prefers an appeal. Therefore, sound grievance procedure assumes greater importance and it must contain the following features: legal sanctity, acceptability, simplicity, promptness, training, and follow-up. Presence of discipline in any organisation is a must. It is the orderly conduct of affairs by the members of an organisation who adhere to its necessary regulations because they desire to cooperate harmoniously. Discipline is of two types- positive discipline and negative discipline. On the other hand, indiscipline refers to the nonconformity to formal and informal rules and regulations. It often leads to strikes, go-slows, and absenteeism, resulting in loss of production, profits, and wages. The common causes of indiscipline are: wage discrimination, defective handlings of grievances, payment of low wages, creating low quality work life etc. Therefore, it is necessary to develop a disciplinary process to address these issues amicably. Disciplinary process includes - issue of charge sheet, consideration of explanation, suspension pending enquiry, holding of enquiry and order of punishment. Employee exit is yet another issue that demands special attention. When employees leave the organization for better pay, benefits, better experience, and for a better career, it is called employee exit. Whatever be the reason for the exit, the employee leaving the organization should move out with positive feelings on the company. Managers should plan for conducting exit interviews to get feedback from these employees who may provide useful information for correcting the policies and processes and for the growth and development of the organization. Employees should be motivated and for this an organisational culture of

mutual trust and faith requires to be built up which fosters a dialogue. Exit interview is a meeting between at least one representative from a company's human resources department and a departing employee.

10.8 KEY WORDS

1. **Grievance:** Discontent or dissatisfaction arising out of anything connected with the company that an employee thinks, believes, or even feels as unfair, unjust, or inequitable

2. **Grievance Procedure**: A mechanism devised by an organization to handle and settle employees' grievances

3. **Exit Interview**: A meeting between at least one representative from a company's human resources department and a departing employee

4. **Discipline**: The regulation and modulation of human activities to produce a controlled performance

5. **Indiscipline:** The absence of discipline that indicates the existence of nonconformity to formal and informal rules and regulations

Answers to Check Your Progress

(B) 5) i) True ii) False iii) True iv) True v) False

10.9 TERMINAL QUESTIONS

1. What is meant by discipline? Explain the procedure for taking disciplinary action.

2. Define grievance. Why do grievances arise?

3. Explain the procedure for redressal of grievances.

4. "A sound grievance procedure must contain some essential features." Explain.

5. Describe the grievance redressal procedure prescribed by law in India.

6. Write a short note on the following:

    i) Employee Exit

    ii) Exit Interview

    iii) Discipline

7. Discuss the principles to be followed to maintain discipline.

UNIT 11   HR RECORDS AND INFORMATION SYSTEM

11.0   OBJECTIVES

After studying this unit, you should be able to:

- Explain the meaning of HR records
- Describe the purpose of HR records
- Discuss the principles of record keeping
- Identify major components of HRIS
- Examine the needs of HRIS
- Discuss the steps in the implementation of HRIS
- Identify the areas of application of HRIS

11.1   INTRODUCTION

In this data driven technological world, information holds the key. This is important for making important business decisions for a firm. In ancient times, such information was recorded manually through hand-made records which required to be browsed for seeking and retrieving the information, as and when required. We all know that the HR records are required for not only making better decisions but also required for audit purposes. In the current age of technology, the manual information and records have made way for the computerized information stored in computer hardware and software. This information is electronically retrieved for enabling faster decision-making process thus is rightly called as human resource information system. With complex business scenarios, the employee turnover rate and roles & responsibilities have increased manifold, which underlines the role of database maintenance capturing the details of human resources in the organisation. Further, at the times of Labour office Audits and inspection, the retail HR manager can download the report from the system in less time. We also have observed that the attendance and leave records are captured through the electronic sensor machines at the employee gate. In this unit, you will learn the meaning and purpose of HR records and principles for record keeping. You will also learn the concept

of Human Resource Information System (HRIS), its needs and components. You will further be acquainted with the steps in implementation of HRIS and the areas of application of HRIS.

11.2 HR RECORDS

Human Resource (HR) record is a written document consisting of select information kept in the form of a loose sheet or book. Information recorded in this form is preserved either manually or mechanically for future reference. It also assists in the decision-making process concerning human resources. According to Littlefield "Record Management includes forms, reports, reproduction of written material, filling records, retention, microfilming and related services". Records can be maintained in the form of files, cards, audio or video cassettes, films, magnetic disks, magnetic tapes, and any other electronic media. HR records provide vital information in administering human resource function.

Retail formats employ staff on various forms like direct (on-roll) staff, contractual staff, third party outsourced staff, daily wage staff etc. So, keeping data of all of them is important as it has a direct implication on the retail store's profitability. Such data may have the following components:

- Employee Requisition Record
- Job Description
- Attendance Records
- Payroll Record (PF, Gratuity, ESI etc.)
- Employee Leave Record
- Performance Appraisal Records

11.2.1 Purposes of HR Records

HR Record is of vital importance as it is the basis on which changes are monitored and further taken up for managing the change. Manually made records have issue of retrieval whereas electronically maintained records are accessible 24X7 and can be manoeuvred for faster decision making. The purpose of HR records is outlined below:

1. **Orderly Information:** Retail HR records are to be maintained for accessing orderly information relating to the progress of human resource function. These records when maintained electronically not only saves time, space, and maintenance as well.

2. **Reporting**: HR records facilitate preparation of various statements reflecting the true position of human resource function. True position is reported to the top management and other interested parties to assess the effectiveness of the human resource function.

3. **Comparative Analysis**: Information recorded in HR records enables users to compare performance from time to time. Performance of different functions and individuals is compared using HR records.

4. **Controlling Errors and Frauds:** HR records provide necessary information to exercise control over errors and frauds in the discharge of human resource function. For example, the human resource cost budget is a controlling device against various costs associated with human resource function.

5. **Legal Requirements**: HR records are to be maintained in Organisation under the obligation of various labour laws. For example, under the Payment of Wages Act, wage records are to be maintained. Similarly, under the Payment of Bonus Act, record of bonus payment is to be maintained. In the process of settlement of industrial disputes, the authorities examine certain records before arriving at a decision on the settlement of industrial disputes.

6. **Future Reference**: HR records maintained provides a basis for future reference. Information about past happenings can be culled from the HR records that may be useful to make certain important decisions based on historical data.

A retail operations manager may require the HR headcount and he/ she may analyse salesperson/ square feet of retail space as a standard benchmark or performance vis a vis their competitors. Also, he may chalk the service delivery parameters with increased staff headcount. Going next, there can be a correlation between increased staff headcount to sales also.

11.2.2 Principles of HR Record Keeping

HR records provide invaluable information in discharging human resource function. Information provided through the records should be reliable, dependable, timely, and useful. So certain fundamental principles are followed in record keeping. They are described below:

1. **Principle of Clarity of Objectives**: Information kept in HR records should have a clear objective and well-defined purpose. Otherwise, information collected becomes redundant. Time, effort, and money are wasted in the process of collecting, compiling, recording, reproducing, and storing information.

2. **Principle of Verifiability**: HR records should provide verifiable information. Recorded information should not be based on baseless assumptions and rumours. There must be clear objective evidence while making records. Error free records are amenable for verification. Facts should become the basis for record keeping. Information should be made transparent. Only verifiable information can be made transparent. Non verifiable information in the records cannot be taken as evidence in the court of law.

3. **Principle of Simplicity**: Records kept must be simple to understand. Complexity of records does not serve any useful purpose. Simplicity in the records attracts the attention of everyone. People come forward to use these records that are simple to understand.

4. **Principle of Usefulness:** HR records maintained must be useful to the purpose for which they are made. Information provided through records should be useful in the decision making and controls. Records should be updated at frequent intervals in order that they provide useful information.

5. **Principle of Timeliness**: HR records should provide timely information. If the information is not made available at an appropriate time it becomes useless. For example, information about indiscipline should be provided when disciplinary action is taken.

6. **Principle of Economy**: Record maintenance is not cost free. It involves the cost of stationary or electronic gadgets. The cost of maintaining records should justify the usefulness of information provided through the records. Voluminous information becomes costly. Thus, the principle of exceptional facts and figures should be followed in keeping HR records.

7. **Principle of Unbiasedness**: HR records should provide information based on facts and figures. The information should be accurate and free from personal bias of the record keeper. Biased information leads to errors in taking decisions.

Check Your Progress A

1 What do you mean by HR records? How has technology changed them?

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2. Identify any two purposes of HR records.

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3. List out any three components of HR records.

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4. What do you mean by the principle of economy?

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11.3 HUMAN RESOURCE INFORMATION SYSTEM (HRIS)

So far, we have discussed the meaning, purpose, and principles of HR records. Now let us discuss the important aspects of the Human Resource Information System which are: Needs and components of HRIS, steps in implementation of HRIS and areas of application of HRIS. Human Resource Information System (HRIS) is a systematic collection, organisation, analysis, storage, and provision of information relating to human resources. It is basically a database system in which comprehensive data is collected and stored. It is used to denote information maintained using a computerised environment. HRIS provides information about human resources and jobs with greater accuracy and reduces cost of gathering and summarising information. It encourages decision makers to use relevant information in the process of decision making. Information under HRIS possesses data security and dependability. HRIS components consist of the following:

Input: Input information is very essential in HRIS. The utility of output depends on the accuracy of input given to the system. Input can be through various documents and forms. For the purpose of input information data is to be collected, codified, validated, and fed into the computer system.

Database: Database is the collection of records that contain employee information. Information such as employee code, name, and address, date of joining, date of superannuation, department employed, salary range and social security information is stored in the database. Database is maintained with security so that data cannot be accessed by unauthorised personnel.

Programmes: Software is a set of programmes. Tailored made software programmes are available in the name of specific packages. They contain a set of programmes that take input data and process it as per the instructions. Software packages like Oracle SAP, etc. are available in the market to process human resource data.

Modules: A module is a set of software that performs specific functions. These modules are used to process data and produce output records. Modules are available for human resource planning, recruitment, selection, compensation, performance evaluation, performance appraisal, skill inventory, and training and HR record keeping.

Query Output: An interaction of database programmes and modules produce output data. Query language programmes are available to answer any questions relating to human resources. Several output records are prepared through HRIS. This output information is submitted to various management levels to assist decision-making and control.

HRIS has its set of significance but going further in integrating the same with Management Information Systems, a better cohesive approach is exhibited by Enterprise Resource Planning (ERP) Software which not only breaks the individual departmental silos working and moving on to a system driven approach rather than individually recorded and maintained data.

Need for Human Resource Information System

In order to conduct a human resource audit, the human resource manager requires an adequate amount of data. Planning and control of human resources need a sound information base. The information required for various functions of human resource management are as follow:

Procurement Function: a) Reliable performance standards; b) Inventory of present and future needs for workforce; c) Cost of recruitment and replacement; d) Valid measures for testing and selection.

Development Function: a) Valid measures for employee performance; b) Cost benefit calculations of training and development; c) Career and succession plans.

Compensation Function: a) Linkage between wages and productivity; b) Employee costs in terms of turnover; c) Value of collective bargaining; d) Effects of inflation on wage levels and productivity.

Maintenance Function: a) Absenteeism, turnover, accidents, grievances, and other indicators of Organizational health; b) Causes and costs of employee separation; c) Incentives for voluntary separation.

Integration Function: a) Communication and leadership climate in the company; b) Adaptation to environmental changes; c) Causes of changes in productivity level; d) Impact of changes in technology and markets.

Now, in this age of technological revolution, the HRIS has also stayed not far as it has also evolved to meet the differentiated needs of the retail conglomerates. Forbes has identified various roles for various HRIS service providers like Paycor, monday.com and Bamboo as they serve various customized needs like ease of operating and browsing, lay-outing, Payroll Integration, reporting and low costs. So, while on one end the HR complexities have grown but we see the increased technological support for HRIS too.

11.4 STEPS IN IMPLEMENTATION OF HRIS

Human resource information systems should be designed based on Organisational requirements. Each organisation may have unique problems. Thus, designing systems is specific to the Organisational requirements. The following steps are needed in designing and implementing HRIS.

Idea Generation: The ideas of having a complete system of information stems from the need for information and lapses in the existing system. The objectives of HRIS then to be documented. Contribution of the system to HR administration should be understood.

Feasibility Study: Feasibility study aims at determining the cost and benefits associated with the system. The benefits accrue may be tangible or intangible. Similarly, the costs of the system may be fixed and operational costs. Apart from the financial cost, non-financial costs such as changing operations should be considered.

Project Team: System development is not a one-day task and involves considerable resources and time. It consists of a series of steps. It demands resources and attention of personnel. It should be treated as a project. Thus, a team of people should be selected and assigned with the task of developing and implementing HRIS.

Requirement Specification: Requirement specification document is a vital paper. In this a clear statement of requirement of HRIS should be stated. The end benefits expected from the system are to be documented. The objectives of the HRIS should match with the management vision of the need for the system.

Vendor Analysis: Development of HRIS may be undertaken as an in-house task or assigned to an outside organisation. In-house development is often costly. So outside agency is preferred. The capability and availability of resources of the outside vendor has to be analysed keeping in view the requirements, time frame, cost consideration, and operational aspects.

System Development: System development is done by carrying out certain tasks such as development of data dictionary, flow charting, data flow diagrams, programmes modules, input and output design and finally test run of the HRIS. After test run errors found are debugged and the final system is made ready for implementation.

Training: New HRIS is computer based. So, employees working in the organisation need training on specific skills to use the new system. Sometimes recruitment of employees with technical skills is made.

Implementation: Now the new HRIS is ready to be implemented. Implementation is done using several strategies. The appropriate strategy would be parallel implementation. Here the old system and new system are operated parallel. Once the employees become comfortable in operating the new system, the old system is slowly disbanded.

Maintenance: New system needs maintenance. It may take several months to get adjusted to the new system. Till then the vendor provides support and simultaneously trains the staff.

Evaluation: In the process of use of HRIS various issues and problems crop up. These issues and problems must be attended to. Necessary changes are made in the new system to incorporate solutions to the problems encountered. System audit is performed to see whether the benefits expected from the HRIS are accrued or not.

11.5 AREAS OF APPLICATION OF HRIS

Human Resource Information System (HRIS) has a wide range of applications in the human resource management area. Some of the well-established applications are as follow:

Job Analysis: HRIS provides data required to prepare job analysis, job design, job evaluation and job specification.

Manpower Planning: HRIS supplies information regarding demand for manpower, the supply of manpower and data for forecasting.

Recruitment and Selection: A well designed HRIS keeps track of sources of recruitment. It helps in designing computer assisted selection tests. HRIS helps in administration and scoring of various tests intended to understand the ability of applicants. Computerised online interviews can be planned with the help of HRIS.

Skill Inventory: Computerised database of skills is developed as part of HRIS. This provides information to identify employees with needed skills to fill up a position.

Salary Administration: Employee database developed in HRIS enables wage and salary computations and printing of payslips. It assists in answering various questions raised by the finance department such as how many employees are receiving a certain amount of salary.

Training and Development: HRIS enables to identify gaps in the skills and thus identify training needs. Certain modules of training can be designed using computer assisted delivery.

Performance Appraisal: HRIS provides data regarding dates of appraisal, scores of performance appraisal and actions to be initiated after appraisal.

HR Administration: Practically speaking HRIS renders benefits in several ways. It provides valuable information to perform administration functions of the human resource department. It helps in tracking medical history, accident monitoring, leave records, absenteeism, turnover,

career and succession planning, promotions and transfers, administration of welfare measures, collective bargaining, resolving industrial disputes etc.

Check Your Progress B

1. What is the Human Resource Information System? How computers have supported HRIS?

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2. What is the need of Human Resource Information System in the current retailing scenario?

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3. List out the steps in the implementation of HRIS.

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4. Mention the emergent roles which HRIS and its applications can play.

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5. Which of the following statements are True or false?

    i. Human Resource (HR) record is a written document consisting of selected information kept in the form of a loose sheets or book
    ii. HR records provide necessary information to exercise control over errors and frauds in the discharge of human resource function.
    iii. HRIS does not provide information about human resources and jobs with greater accuracy and reduces cost of gathering and summarising information.
    iv. Idea generation is the first step towards implementation of HRIS.
    v. HRIS cannot be applied in the area of training and development.

11.6 LET US SUM UP

In the modern era, information is a key to perform several functions. Information generated manually stands replaced with technology. The origination of information starts with recording of the data. HR records thus are the written documents consisting information on various aspects of employees working in an organisation. In the process of making an HR record

effective, certain principles must be followed. They are clarity of objectives, verifiability, simplicity, usefulness, timeliness, economy, and unbiasedness. The COVID-19 scenario exhibited the nimble-footedness of such HRIS and situations of 'Work from home', HR applications and salary proceedings were transitioned without much issues.

Several HR records are maintained ranging from employee requisition to performance appraisal. HRIS is a systematic collection, analysis, storage, and retrieval of HR information. It is assumed that HRIS is a computer assisted information system. It consists of input, database, programmes, modules, and output. Development of HRIS starts with idea generation and proceeds along feasibility study, project team, requirement specification, vendor analysis, system development, training, implementation, maintenance and finally ends with evaluation of the system to make changes. It is not an exaggeration to say that there is no area in which HRIS cannot be used. Its uses are innumerable. It is used in job analysis, manpower planning, recruitment and selection, skill inventory, salary administration, training and development, performance appraisal and various areas of HR administration. HRIS ensures accuracy, timely, speedy, systematic, and integrated information.

11.7 KEY WORDS

HR Record: A written document consisting of selected information about employees.

HRIS: Human Resource Information System is a systematic collection, analysis, storage, and dissemination of information about human resources.

Modules: A set of programmes created for carrying out specific functions.

Feasibility Study: Examining the cost and benefits of system development.

Payroll: It is the sum of all financial records of salaries for an employee, wages, bonuses, and deductions.

Input: Something put into a system or expended in its operation to achieve output or a result

Database: A database is an application that manages data and allows fast storage and retrieval of that data.

Answers to Check Your Progress

(B) 5) i) True ii) True iii) False iv) True v) False

11.8 TERMINAL QUESTIONS

1. What do you mean by HR records? What purpose do they serve?
2. Describe in detail the principles of HR record keeping.
3. What is HRIS? Discuss the components of HRIS.
4. Explain in detail the need of HRIS.
5. Discuss the steps involved in the development of HRIS.

6. "HRIS has a wide range of applications in HR management". Discuss

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UNIT 12   RETENTION

12.0 OBJECTIVES

After studying this unit, you will be able to

- Discuss the relevance of Retail staff turnover and retention;
- Create strategies for reducing retail staff turnover and increase retention;
- Describe the concept of employee engagement for retaining employees; and
- Explain ways to promote staff motivation towards retention.

12.1 INTRODUCTION

The significance of human capital has been emphasized multiple times, recognizing that retailers invest substantial resources, such as time and finances, into providing regular training for their employees. This investment aims to enable employees to perform effectively, optimizing available resources and achieving success. Over time, this training becomes ingrained in the company's culture, allowing the retail staff to grow alongside the organization and consistently deliver positive outcomes. However, when an invested employee who has been yielding favourable results decides to leave, it creates a disruptive impact. Such departures can occur due to various reasons, including a misunderstanding of roles and organizational structure, misinterpretation of communication, non-compliance with norms, personal conflicts, or cultural differences. When an employee leaves an organization prematurely, it is referred to as employee turnover. To retain valuable human resources, organizations should clearly define roles, invest in employee development, provide growth opportunities, minimize conflicts and negative behaviour, and foster a positive work environment. In the past two decades, individuals seeking employment have had numerous job options, leading to high employee turnover rates as industries expanded and entrepreneurial endeavours grew. Ensuring the long-term tenure of productive employees with high performance is crucial for organizational

stability and growth in a competitive environment. Employee engagement has emerged as a key factor in overcoming such challenges.

Employee engagement establishes a psychological contract between an employee and the organization. Engaged employees understand their purpose and alignment with the organization, leading to successful outcomes driven by experience and passion, surpassing competitors. Employee engagement plays a vital role in developing effective retention plans. Both employee engagement and retention are crucial aspects of employee management. In this unit, we will focus on three important terms: employee turnover, employee retention, and employee engagement. These concepts are interconnected, and we will explore ways to promote employee engagement to reduce turnover and increase retention in the following subsections.

12.2 UNDERSTANDING RETAIL STAFF TURNOVER AND RETENTION

In the context of managing human resources, two significant terms we need to discuss are turnover and retention. In this section of the unit, we will concentrate on understanding the meaning of these terms and exploring strategies for their management. The primary focus of this subsection is employee retention, as implementing measures to retain employees can help reduce voluntary turnover—when employees choose to leave the organization for personal reasons.

12.2.1 Employee Turnover

Employee turnover refers to the ratio of employees who leave an organization, whether voluntarily or as per organizational norms, within a specific time period. The reasons for employee departure can vary, and regardless of whether an employee resigns or retires, their departure creates a void within the organization that hampers productivity. In order to develop a strategy to retain such employees, it is essential to understand the reasons behind turnover and its magnitude. Employee turnover can be categorized into four types: voluntary, involuntary, desirable, and undesirable.

- **Voluntary Turnover**: This occurs when an employee chooses to resign from their position due to reasons such as illness, relocation, or accepting a new job elsewhere.
- **Involuntary Turnover**: This happens when an employee reaches the end of their term and gets retired or is terminated due to reasons such as indiscipline or excessive absenteeism.
- **Desirable Turnover**: This refers to the replacement of underproductive employees with new talent and skills.
- **Undesirable Turnover**: This is the loss of skilled and productive employees from the organization.

Before implementing measures for employee retention, it is important for an organization to assess the rate, causes, and effects of employee turnover on productivity and the costs associated with sustaining employees. Calculating the employee turnover rate is crucial in such cases.

It can be calculated implying the formula

1) $\text{Employee turnover rate} = \dfrac{\text{Employee who left}}{\text{Average number of employees}} \times 100$

2) $\text{Average number of employees} = \dfrac{\begin{array}{c}\text{number of employees in} \\ \text{the beginning of period}\end{array} + \begin{array}{c}\text{number of employees} \\ \text{in the end of period}\end{array}}{2}$

Employee turnover can be attributed to a variety of causes, both personal and professional. At a personal level, factors such as low remuneration, limited growth opportunities, work-life imbalance, and excessive workloads contribute significantly to turnover. At an organizational level, reasons such as role ambiguity, bullying, goal misalignment, feeling undervalued, and frequent restructuring are major contributors to employee turnover.

There are several reasons why employees choose to leave organizations, including dissatisfaction at work, better prospects, or alternatives elsewhere, negative experiences in the workplace, inadequate relationships with supervisors and colleagues, lack of role clarity, poor job design, and a lack of team cohesion, among others. Employee turnover has both visible and hidden effects. The hidden effects include the impact on the attachment or detachment of existing employees to those who have left or those who have joined as replacements. The time and energy invested in the acquisition and training process also represent intangible losses. The visible effects of employee turnover are seen in terms of reduced productivity, lost sales, and decreased profitability.

Although employee turnover is generally considered detrimental to an organization, there can be instances where it is not entirely negative. However, considering the negative impact of turnover, it is important to understand why employees are leaving. Exit interviews are often conducted by human resource managers to gain insights into the reasons behind employee departures. These interviews help identify whether employees are leaving for better prospects or due to organizational issues such as inadequate communication, organizational structure, high work pressure, and more.

Analysing human resource administration data related to resignations, reference requests, retirements, dismissals, redundancies, and other relevant factors can provide further understanding of employee turnover in an organization. Measuring job satisfaction and work motivation of employees can also help predict employee turnover and enable the implementation of measures to enhance these factors. Once the reasons for employee turnover are identified, appropriate measures can be taken to improve employee retention.

12.2.2 Employee Retention

Employee retention is typically the number of employees any organization keeps within the same specified time frame. Employee retention is to strategically ensure that employees do not leave. The HR department remains in a continuous pursuit for a suitable and reliable retail candidature and the task is a challenging and time-consuming one. Many retailers are seen to

have a continuous manpower requirement around the year. This becomes another daunting task for the HR manager to remain 100% successful while hiring employees at this rate. Another challenge is that many currently hired employees may also be exploring career options elsewhere and this indicates that may not be taken care of by the retailing organisation.

The first step in the process is to figure out why the employee would leave. Some reason could be:

Remuneration: When an employee perceives the remuneration as unfair, and lower than expectation, or lower in comparison to competitors, they quit.

Recruitment Errors: When an employer fails to attract the right candidate and positions are filled in hurry, employees quit to find a better fitting profession.

Personal Attributes: Employees quit for personal reasons, they get bored, they relocate, they do not fit in the culture, and sometimes they quit because they distrust the leadership and lack confidence in management.

Mismatched Expectations: Employees quit when they differ in goals and orientation with organization. Sometimes conflict is with the job assigned and not an organizational goal, other times it is just a mismatch of expectations related to compensation and benefits.

Scope to Grow: Employees in small organizations majorly quit because of narrower scope to grow. Such employees are ambitious and high on achievement orientation. Depending on the type of organization 80% - 90 % of employee retention rate is considered good, implying that employee turnover can be good too.

Advantages of Retention

Employee retention refers to the ability of an organization to keep its employees within a specified time frame. The goal of employee retention is to strategically ensure that employees do not leave the organization. The HR department faces the challenging task of continuously finding suitable and reliable candidates for the retail industry, which often has a high demand for manpower throughout the year. Additionally, the HR manager needs to ensure successful hiring at a steady rate, while also considering that some of the currently hired employees may be exploring career options elsewhere, which the organization may not be able to address.

The first step in addressing employee retention is understanding why employees would choose to leave. Some common reasons include:

- **Remuneration:** Employees may perceive their compensation as unfair, lower than expected, or lower compared to competitors, leading them to quit.
- **Recruitment Errors:** If the organization fails to attract the right candidates and positions are hastily filled, employees may leave to find a better-fitting profession.
- **Personal Attributes:** Employees may leave for personal reasons such as boredom, relocation, cultural misfit, lack of trust in leadership, or confidence in management.
- **Mismatched Expectations:** Employees may quit when their goals and orientation differ from those of the organization. This could involve conflict with assigned job roles or mismatches in compensation and benefits expectations.

- **Scope to Grow:** Employees, especially those who are ambitious and have a high achievement orientation, may leave smaller organizations due to limited growth opportunities. It is worth noting that an 80% to 90% employee retention rate is generally considered good, indicating that some degree of employee turnover can still be acceptable.

Retaining Employees Offers Several Advantages, Including:

1. **Lower Attrition**: Experienced staff tend to make fewer errors compared to newcomers.
2. **Feeling of Belongingness/Engagement:** Experienced employees become acclimated to systems and processes, integrating into the larger community, and understanding and achieving broader objectives efficiently. This sense of achievement motivates them to stay and pursue larger goals.
3. **Reduced Training Needs:** Retained employees require less training, resulting in cost savings associated with onboarding.
4. **Expertise:** The longer employees stay with an organization, the more business intelligence they accumulate. They gain a deeper understanding of customer behaviour, preferences, and effective strategies.
5. **Improved Customer Experience:** Seasoned retail sales professionals are better equipped to handle various customer demands, including handling difficult or demanding customers effectively.
6. **Increased Productivity**: Retained employees contribute to both quantitative and qualitative aspects of productivity, particularly in delivering quality customer service. They become long-term assets for the retailer and often become brand ambassadors, as their relationship with customers defines the organization's worth.

Overall, employee retention plays a vital role in enhancing the success and reputation of a retailer. By retaining experienced and engaged staff, organizations can enjoy the benefits of their expertise, improved customer experiences, and increased productivity, ultimately contributing to long-term success and brand value.

12.2.3 Role of Counselling

The primary objective of counselling in the retail industry is to support employees in achieving better mental, emotional, and physical well-being. A counsellor, often played by the HR manager, helps individuals in realizing a better future by fostering self-confidence, self-development, patience, and personal growth. To accomplish this, counselling employs various functions that guide the counselling process:

1. **Advice:** While advising is not the primary focus of counselling, there may be situations where counsellors provide guidance to help the individual take appropriate actions towards their goals.

2. **Reassurance:** Counselling aims to reassure employees that they are progressing well and moving towards their desired objectives. This reassurance acts as encouragement, particularly for mid-career managers who may need assurance that things will work out and that their goals are within reach.

3. **Communication:** Effective communication is crucial in counselling. It involves conveying employee concerns to management and communicating management's perspectives to employees. Communication skills such as active listening and providing feedback are essential for successful counselling sessions.

4. **Release of Emotional Tension**: Counselling provides a safe space for employees to release their emotional tension. By expressing their anger, frustration, or other emotions to a sympathetic listener, employees can reduce their emotional burden and alleviate tension.

5. **Clarified Thinking:** Discussing problems with a counsellor helps individuals gain clarity by bringing attention to points and facts that may have been overlooked due to emotional involvement. In this case, the counsellor's role is primarily to listen, allowing the individual to think aloud and achieve rational and logical thinking. This process assists in problem-solving, whether the issues are real or perceived.

6. **Reorientation:** Clear thinking through counselling leads to reorientation. It enables employees to assess their potential, limitations, and values, allowing them to set new goals and redefine their self-image. Reorientation helps individuals develop a more positive self-perception, increased confidence, and effectiveness in their work. It also aids in treating depression by providing individuals with a clearer sense of self and direction.

Overall, counselling in the retail industry serves the purpose of facilitating employees' personal growth and well-being. Through various counselling functions, employees are guided towards improved mental and emotional health, fostering a more confident and effective workforce.

12.3 ADVANTAGES AND DISADVANTAGES OF RETAIL STAFF RETENTION

When assessing the pros and cons of employee retention, the following parameters should be considered:

1. **Cost and Benefits:** Retention schemes can help avoid the costs associated with recruiting new employees. However, it is important to ensure that the investment in retention is directed towards high-performing employees rather than underperformers, as retaining underperformers can be more costly in the long run.

2. **Longevity:** Retaining experienced employees for longer periods can be beneficial. However, it is crucial to monitor for any negative consequences such as groupism or social loafing that may arise from extended associations within the organization.

3. **Culture:** Retention can help transmit organizational values through generations of employees. However, it is important to be cautious and avoid retaining employees with unethical practices, as their continued presence can propagate such behaviours within the organization.

4. **Loyalty:** Retaining loyal and constructive employees is advantageous as they contribute to organizational growth. On the other hand, retaining destructive employees can have detrimental effects, leading to lost business, compromised data security, disharmony, and a negative work environment.

5. **Productivity and Performance**: Retaining interested and motivated employees tends to result in better performance. Conversely, retaining disinterested employees can contribute to gossiping, decreased performance, and hinder the achievement of organizational goals.
6. **Workflow and Quality:** Key positions within the organization should ideally be filled by long-tenured employees to ensure smooth workflow and maintain quality standards. Peripheral employees, however, can be relieved if the cost of retention outweighs the benefits they bring to the organization, as their presence may create obstacles in the workflow.
7. **Boundaries:** When an employee reaches their optimum performance level and deserves more opportunities for growth, it may be preferable to allow them to leave rather than burdening the organization financially. It is important to carefully evaluate all options and assess performance to avoid losing valuable and efficient employees or retaining someone at a higher cost than they deserve.

By considering these parameters, organizations can make informed decisions about employee retention strategies, ensuring they retain the right individuals who contribute positively to the organization's growth and success.

12.4 FACTORS AFFECTING EMPLOYEE RETENTION

Employee retention is of utmost importance to organizations, particularly in terms of safeguarding intellectual property. Retention, as defined by Zineldin (2000), entails the obligation to continue conducting business or exchanging services with a specific company on an ongoing basis. Human resources serve as a repository of ideas and data, contributing to the growth of organizations. Any leakage of information or absconding of employees poses a constant threat to organizational secrets.

Logan (2000) identified six primary factors responsible for the success or failure of employee retention schemes:

1. **Organizational Culture:** Organizations that prioritize team collaboration, job security, individual respect, and loyalty tend to retain employees for the long term. Conversely, organizations that emphasize personal initiative and job performance often experience higher employee turnover rates.

2. **Communication:** Open and transparent communication practices within an organization keep employees well-informed about policy matters. Two-way communication, where employees' opinions are valued, promotes better employee retention. Autocratic organizations with closed communication channels tend to foster distrust and struggle with employee retention.

3. **Strategy:** Organizations that strategically position themselves highly in the market are more successful in retaining employees compared to those lacking a clear growth plan. The success of the organization, its employees, and the

employee retention program are interconnected. A well-planned strategy ensures organizational growth and longevity of employees.

4. **Compensation and Benefits**: Fair pay and competitive benefits strongly influence employee retention in any organization. Benefit packages that include subsidized meals, paid company holidays, and comprehensive health plans are preferred and contribute to the success of an employee retention plan.

5. **Flexible Work Schedules**: The level of control an employee has over their time plays a crucial role. Flexible work schedules reduce time and role conflicts, as well as undue work-related stress. They have a positive impact on employee retention by reducing withdrawal syndrome and the urge to seek other job opportunities. Allowing employees to adjust their work schedules motivates them to stay longer and improves their overall happiness.

6. **Career Development System**: Existing employees aspire for career progression, regardless of their current role or status. Organizations with well-defined career paths have a higher chance of retaining their workforce for the long term. Learning organizations continuously align their goals and provide appropriate training to help employees adapt to new roles. Career progression is vital for employees to remain associated with an organization in the long run.

By considering and implementing these factors, organizations can enhance their employee retention efforts and establish an environment that fosters loyalty, growth, and long-term success.

12.5 MOTIVATION AND RETENTION IN RETAIL

Over the past three decades, organizations of all sizes and types have faced challenges in retaining employees for longer durations. While each organization designs a retention plan based on their specific requirements and available resources, implementing a plan based on scientific principles and sound theories can yield more fruitful results. Five major aspects of motivation that should be considered in any employee retention program are compensation, growth opportunities, support, relationships, and work environment.

Motivational theorists unanimously agree that motivation is the desire and ability to act towards achieving certain goals. It is often based on need theory, expectancy theory, and equity theory of motivation. Here is a brief description of each theory:

● **Need Theories of Motivation:** These theories propose that human needs differ in type and strength depending on time and situation. Maslow's hierarchy of needs theory suggests five levels of needs—physiological, safety, social, esteem, and self-actualization. According to this theory, retention and motivation schemes should be designed to meet employees' unsatisfied desires. McClelland's need theory suggests that individuals are primarily driven by a sense of achievement rather than other

rewards. It advocates for designing retention plans based on three needs: achievement, power, and affiliation.

- **Expectancy Theory of Motivation**: This theory argues that humans behave in a certain manner when they expect certain events or rewards to follow. Incorporating positive outcomes, such as recognition and rewards, in retention plans in exchange for association and loyalty can result in longer tenure.
- **Equity Theory of Motivation**: This theory emphasizes the importance of the relationship between an individual's input and the outcomes or rewards they receive. It suggests that the return on contribution should be proportionate, comparable, and fair in relation to others. When designing a retention plan, it is essential to reflect fairness and equity in the means of rewarding employees.

By incorporating these motivational theories into retention plans, organizations can better understand and address the underlying factors that drive employee motivation. This, in turn, can contribute to longer tenures and higher levels of employee satisfaction and engagement.

Check Your Progress A

1. Explain the term retail staff turnover?

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2. Identify any two purposes of HR records.

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3. List out any three components of HR records.

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4. What do you mean by the principle of economy?

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12.5.1 Misconceptions Related to Employee Turnover and Retention

While voluntary turnover of employees is often seen as a negative occurrence, it is not universally true for all organizations in every situation. There are instances where organizations need not panic over resignations, as retaining certain employees beyond a certain point can prove more harmful than beneficial. David G Allen (2010) argues

that some level of employee turnover is necessary to keep the organization vibrant and provides an opportunity to restructure the workplace. There are five pervasive misconceptions regarding employee turnover and retention:

1. **All Retentions are Good and All Turnovers are Bad**: It is important to recognize that human resources have their own strengths and flaws, and one size does not fit all. Retention may not always be beneficial when an underperformer occupies a position while more talented individuals remain unemployed. Employee turnover can be beneficial when it allows for the vacancy to be filled by someone more qualified.

2. **Increase in Pay Can Buy Loyalty:** Not all employees leave for monetary reasons. Similarly, those who remain in an organization solely due to a salary hike may not be fully committed to organizational goals. Spending more than necessary to retain an employee can increase financial burden and cause discontentment among others.

3. **Success of a Retention Plan is Determined by Numbers**: The success rate of a retention scheme cannot be compared across organizations simply by counting the number or ratio of employees who stayed. Some organizations may experience a reduction in human resources as they move towards automation.

4. **Confident Performers Cannot be Retained**: It is commonly believed that if a highly skilled employee decides to leave for better compensation, they cannot be retained. However, most employee turnover occurs due to cultural misfit or poor interpersonal relationships and communication. It is possible to retain hardworking achievers by designing retention plans that meet their requirements and address any disagreements.

5. **Human Resource Managers are Solely Responsible for Retention**: Employee retention is a collective effort that involves influence and involvement. While human resource managers can design schemes to engage and involve employees, the immediate supervisor exercises the most influence in convincing employees to stay longer. Additionally, it is a misconception that employee turnover is not related to recruitment. It is not possible for someone who is a complete misfit to be selected, and even those who are selected may not be a perfect fit from the beginning. Employee retention largely involves adjusting, providing training, and continuously assessing employee performance and the organization's reward system.

By dispelling these misconceptions, organizations can gain a better understanding of employee turnover and retention, allowing them to develop effective strategies to retain valuable talent and create a positive work environment.

12.5.2 Strategies to Reduce Employee Turnover and Enhancing Retention

When an organization tries to retain employees, it conveys that they are valued. One simple strategy is to recognize even the smallest contributions that employees make towards organizational growth, beyond their routine tasks. While strategies for developing employee retention plans often involve expanding benefits, the following "As" can be adopted to create a generic retention plan applicable to all employees:

1. **Acquire the Right Candidates:** Hiring the right employees benefits the organization in multiple ways. A better fit leads to increased inclination towards learning and workload sharing, and these employees prove to be a long-term investment. Adequate recruitment, selection, and placement processes are essential to ensure employee retention.

2. **Accommodate a Diverse Workforce**: Embrace individuals from diverse backgrounds and characteristics, such as age, gender, nationality, race, religion, political views, and culture. Workplace diversity not only fosters increased creativity and innovation but also creates a vibrant organizational culture.

3. **Affirm Teamwork**: Assign work in groups and allow teams to brainstorm and come up with new methodologies. Rewarding a team can be an easier and more equitable means of recognition. Supervised team performance minimizes conflicts and can lead to astonishingly effective results.

4. **Assist in Financial Stability:** Employees who lack financial acumen can benefit greatly from support provided by experts within the organization. By aiding employees in this aspect, they are given more space to be creative and committed in their areas of expertise.

5. **Adequate Training and Development Opportunities**: Provide employees with sufficient training and development opportunities to enhance their skills and knowledge. This not only helps employees feel valued but also benefits the organization through the upgrading of employee skills and knowledge.

6. **Aided Mentorship**: Implement mentoring programs to identify opportunities and train employees accordingly. Corporate mentoring promotes cohesiveness among employees, encourages knowledge sharing, and develops leadership qualities. It prepares employees for future roles and fosters optimism.

7. **Appraise Change**: Allow employees space and autonomy in the inevitable process of organizational transformation, starting from the planning phase. Inviting feedback and suggestions from employees boosts morale and reduces resistance to change.

8. **Appreciate Work-life Balance**: Recognize the importance of maintaining a balance between professional commitments and personal affairs. Work-life balance does not necessarily mean equal time given to both aspects but rather signifies being present in the right place at the right time when needed.

9. **Attentive Concern**: As organizations acquire a diverse workforce, it is crucial to provide essential services that cater to their specific needs. This can include child care centres, gymnasiums, or other facilities that become important when the number of females and youth in the workforce increases.

10. **Appealing Wellness Programs**: Implement wellness programs that address employees' health hazards and help manage their lifestyles. Sponsored wellness programs contribute to the loyalty and commitment of employees.

11. **Agreeable Assessment**: Assess employees across all parameters with empathy, considering temporary or emotional constraints that may have impacted their performance. Recognize that individual performance may improve to expected levels over time.

An effective employee retention plan involves a process of thorough reflection. Opportunities to use skills and ideas, compensation for effort, transparent communication, interpersonal relationships, job security, and job stress are major contributors to employee job satisfaction. To begin with retention, organizations should categorically identify dissatisfied employees and determine the reasons behind their dissatisfaction. An audit of these employees and their job profiles should be conducted to assess whether retaining them would benefit the organization in terms of required skills, productivity, and profitability. A smaller subset of identified employees who prove to be a burden due to high package or low performance should be allowed to leave. The remaining employees should be assigned to specific groups based on their specific needs. Implement the most suitable segment of the generic retention plan for each group with specific needs. Satisfying employees' needs is a promising factor in retaining them for the long term. Orient employees towards retention schemes designed and executed for their benefit. It is important for employees to acknowledge the gap that existed before the retention scheme was proposed and the benefits they have gained after its implementation. Retention programs aimed at preparing employees for higher risks, responsibilities, or diversified roles should ensure that employees receive training before assuming these positions. Once employees accept their new roles and commit to the organization for a certain period of time, the retention plan is considered successful. However, the process doesn't stop there; it moves on to the next phase, where efforts are made to retain employees in their new roles. Retention is a cyclic process, as organizational goals and employee needs are dynamic in nature. Employee turnover and retention will remain an ongoing cycle, with annual appraisals followed by annual employee turnover and the implementation of retention schemes. Retention, like acquisition, is an annual process aimed at reducing acquisition costs and improving longevity, where employees remain engaged with their individual roles, tasks, and organizational goals.

Check Your Progress B

1.   What is the Human Resource Information System? How computers have supported HRIS?

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2.   What is the need of Human Resource Information System in the current retailing scenario?

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3.   List out the steps in the implementation of HRIS.

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4.   Mention the emergent roles which HRIS and its applications can play.

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5.   Which of the following statements are True or false?

   i. Human Resource (HR) record is a written document consisting of selected information kept in the form of a loose sheets or book
   ii. HR records provide necessary information to exercise control over errors and frauds in the discharge of human resource function.
   iii. HRIS does not provide information about human resources and jobs with greater accuracy and reduces cost of gathering and summarising information.
   iv. Idea generation is the first step towards implementation of HRIS.
   v. HRIS cannot be applied in the area of training and development.

12.6 LET US SUM UP

In the modern era, information is a key to perform several functions. Information generated manually stands replaced with technology. The origination of information starts with recording of the data. HR records thus are the written documents consisting information on various aspects of employees working in an Organisation. In the process of making an HR record effective, certain principles must be followed. They are clarity of objectives, verifiability, simplicity, usefulness, timeliness, economy, and unbiasedness. The COVID-19 scenario exhibited the nimble-footedness of such HRIS and situations of 'Work from home', HR applications and salary proceedings were transitioned without much issues.

Several HR records are maintained ranging from employee requisition to performance appraisal. HRIS is a systematic collection, analysis, storage, and retrieval of HR information. It is assumed that HRIS is a computer assisted information system. It consists of input, database, programmes, modules, and output. Development of HRIS starts with idea generation and proceeds along feasibility study, project team, requirement specification, vendor analysis, system development, training, implementation, maintenance and finally ends with evaluation of the system to make changes. It is not an exaggeration to say that there is no area in which HRIS cannot be used. Its uses are innumerable. It is used in job analysis, manpower planning, recruitment and selection, skill inventory, salary administration, training and development, performance appraisal and various areas of HR administration. HRIS ensures accuracy, timely, speedy, systematic, and integrated information.

12.7 KEY WORDS

HR Record: A written document consisting of select information about employees.

HRIS: Human Resource Information System is a systematic collection, analysis, storage, and dissemination of information about human resources.

Modules: A set of programmes created for carrying out specific functions.

Feasibility Study: Examining the cost and benefits of system development.

Payroll: It is the sum of all financial records of salaries for an employee, wages, bonuses, and deductions.

Input: Something put into a system or expended in its operation to achieve output or a result

Database: A database is an application that manages data and allows fast storage and retrieval of that data.

Answers to Check Your Progress

(B) 5) i) True ii) True iii) False iv) True v) False

12.8 TERMINAL QUESTIONS

1. What do you mean by HR records? What purpose do they serve?
2. Describe in detail the principles of HR record keeping.
3. What is HRIS? Discuss the components of HRIS.
4. Explain the role of employee motivation for increased staff retention.
5. Discuss the advantages of employee retention in retail environments.
6. "Lower attrition rate too is a problem in retail environments". Discuss.
7. Mention the various strategies deployed for increasing staff retention.

FURTHER READINGS

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